What will it really take to level-up?

class
Centre for Labour and Social Studies

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The Centre for Labour and Social Studies (CLASS) is a leading left think tank working to ensure policy is on the side of everyday people. Originating in the trade union movement, CLASS has an authentic connection to working people and a unique insight into the challenges society faces. We combine grassroots voices with intellectually compelling analysis to show an alternative way forward. CLASS works with a coalition of academics, activists and politicians to inspire the left and cement a broad alliance of social forces to support reform, and equip our supporters with the tools to popularise a new agenda.

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Contents

Foreword

Rehana Azam
National Secretary, GMB

“As the coronavirus first burned through exploited workplaces and threadbare public services, Boris Johnson pledged to extend the Government’s ‘arms around every single worker.’

For millions of workers, the warm words left a bitter taste.

Perhaps, in moments of quiet contemplation, the Prime Minister does reflect upon the thousands of jobs that were needlessly lost due to an ideological refusal to extend additional support to the sectors most in need.

But I doubt it.

He might also reflect on his refusal to extend full income protection to the lowest paid workers.

Or the Treasury’s now ritualistic warning that, while the public clapped the heroic workers in our health and care services, real-term pay cuts would follow.

The Prime Minister’s words have always been more impressive than what follows.

Who can forget the phantom 'forty new hospitals,' which turned out to be six?

Or the 'levelling-up' agenda, which seems to consist of Ministers awarding funding to each others' constituencies – while local authority leaders in the Midlands and the North are kept in the dark?

This isn't just a gap between Boris Johnson's rhetoric and reality. There is a chasm.

But why should we expect better from a Prime Minister whose answer to public sector pay demands was to cut jobs, and who once described a £250,000 salary as 'chicken feed'?

Or who dismissed the demands of the Black Lives Matters movement as the products of a 'sense of victimisation'?

And who even now – after ten years of cruel austerity – have no plans for rebuilding our exhausted, underpaid, and overstretched public services.

The truth is that the politicians that govern this country cannot understand the anxieties and hopes of ordinary working people because they have never walked a mile in their shoes.

And the fight has only just begun.

The coronavirus has ruthlessly exposed the structural inequalities in our society. Where there is poverty, prejudice, and discrimination, the virus has left a trail of broken lives in its wake. We cannot rest until those divides have been closed.

And we know that whatever politicians claim, they are determined that a new that wave of austerity will follow.

The answer is the same as it has always been. Social advances will never be handed down to us. They will only be won by the industrial and political strength of the workers' organisations.

We cannot change the past, but we can honour the dead by winning a better tomorrow. As Will Thorne, the founder of the GMB union that I am so proud to represent, once said – inequality is not inevitable:

'While there is breath and life in me, I shall continue the fight … there is a world of freedom, beauty and equality to gain.'

That better world can be had if we have the courage to fight for it. And as we prepare for the battles ahead, we should draw strength from one of the clarion calls of our movement – deeds, not words. ”

Introduction

Dr Faiza Shaheen

> **We are somehow achieving Grand Prix speeds, but without firing on all cylinders…We need now to level up, not to neglect our capital of course not, but to put in the infrastructure that will lift every region, Northern Powerhouse rail, proper connectivity in the West Midlands.**
>
> **Boris Johnson, Prime Minister, 12th June 2019**

> **A lockdown is a lockdown – just because it's a local lockdown doesn't stop the operating costs being what they were under the national lockdown, so why is this support so much less? This is a northern intervention and they think they can get away with doing it on the cheap. That's the beginning and end of it.**
>
> **Jim McMahon, MP for Oldham West and Royton, 9 October 2020**

Inequality in the UK has gone from bad to worse. The economic gap between UK regions is the starkest of any comparable developed nation- but this is not where our inequality problem starts or ends.[1] Whether it be inequalities between groups, between regions, within regions, in wealth or in who has power and who doesn't, the conclusion is the same – the UK is one of the most unequal rich countries in the world. And these inequalities are deadly. Covid-19 infections and death have been marked by race and ethnicity, by education, by the level of deprivation and by geography. Pre-existing inequalities are continuing to shape who dies and who lives, just as the pandemic itself creates new disparities.

Given this background, a government that puts 'levelling up' at the heart of its policy agenda may sound like the right match. Boris Johnson started off his premiership promising to 'level up' the UK – addressing the woes of the 'left behind' regions and towns within them. It is a worthy focus. But from a policy standpoint the agenda is flawed in design. Regional inequalities are not divorced from other types of inequalities, from the macro economy nor from poverty. As such, regional inequalities cannot be tackled alone. More than a year since becoming Prime Minister, and almost 12 months from gaining an 80-seat majority on the basis of delivering Brexit and 'levelling up' the UK – we still have no plan on how the UK will solve its regional inequalities, let alone other types of inequality.

The government hasn't just failed to invest, they have contradicted their 'level up' agenda again and again. They have used the cover of Covid-19 and suspended rules of procurement to give rich friends and relatives contracts worth billions of pounds;[2] voted against free school meal vouchers for children living in poverty during the half term holidays; and, shown blatant disregard of political leaders in cities across the Midlands and the North when planning responses to Covid-19 lockdowns.

The papers in this report – covering regional investment, wages, industrial strategy, devolution, education, race, health, transport and tax – highlight the gap between the need and the policies that have been put in place, but also go further to populate a policy agenda that really could deliver equality in the UK.

This report is published on the eve of the Spending Review – one that the Chancellor, Rishi Sunak, promises will focus on economic recovery. There are already misleading headlines and talk of the need to pay back the public debt that has accumulated because of the Covid-19, this is the wrong path. The last ten years of austerity have not just undermined public services and damaged as socially but has failed on its own economic terms. There must be a clear break from this approach, with a focus on stimulating good jobs. Sunak would also be wrong to think only of short-term measures that keep a lop-sided boat afloat. Without a longer-term plan now, the best case scenario is that we return to the old normal. A normal that left millions in insecure employment, tens of thousands queuing at food banks and thousands sleeping on our streets.

Key Findings

Across these seemingly diverse papers are reoccurring themes which can be summed up under nine headings:

'Levelling up' does not exist in any meaningful sense in terms of policy, resource or outcome.

Since first used by Boris Johnson in July 2019, the stated headline aim of 'levelling up' is largely used as a rhetorical instrument.[3] Beyond the government's Stronger Towns and Future High Streets funds, with some commitment to infrastructure spending in the March 2020 Budget, little detail has emerged on a concrete plan to level up Britain.[4] There is yet to be any real substance behind the term, nor has it been used as an organising principle for policy. As such, from a policy perspective it is an empty slogan.

Moreover, there is an incoherency within the term. On education, Raey's paper points out that logically it is not helpful to talk about 'levelling up' in education when it would be impossible for the state to compete with the funds available to those who attend private school. Can we really all 'level up,' or will some – most notably the wealthiest – have to also 'level down?' Logically, and as Sikka outlines on his paper on financing 'levelling up,' some redistribution is necessary. Yet there is no discussion of this necessity in any government outputs in regard to 'levelling up.'

A more cynical reading of the 'levelling up' agenda is that it was invented purely as a way to gain and retain the support of Northern voters. As a political tool, it is being used to erase and delegitimise other types of inequality, most notably gender and race. As such, it could be seen as being part of the lexicon of a culture war that pits working class groups in the North and South against each other, distracting us from growing wealth concentrations at the top of society.

However cynical the reasons for use of the term, Johnson is now under real pressure to deliver on this agenda. The Conservative majority depends on holding on to seats traditionally held by Labour in northern England, the Midlands and Wales, which they seized after pledging to improve their areas.[5] Without meaningful action to fill the current policy vacuum, people will start to notice and there will be political ramifications.

'Levelling up' defined purely in terms of regional inequality lacks credibility

To date, the 'levelling up' agenda has been framed largely as the need to tackle regional inequality and the North-South divide. While regional inequality in the UK is pronounced, such an agenda ignores inter-regional disparities, as well as the interlinkages between different forms of inequality – educational, health, racial and so on. As Jones et al. point out, even on an issue like transport the North-South divide is too reductive. In reality, there is not so much a North-South divide with public transport provision, as a metro-suburban/rural divide. Whether on education (Raey) or health (Chand), the inequalities within in regions are worse than those between regions. Raey reports that of the ten local districts with the highest percentage of Free School Meal (FSM) students, three are in London. London is also home to the highest levels of income inequality, with median full-time earnings 53 per cent above the UK average in Kensington & Chelsea in West London but just 3 per cent below it in Barking & Dagenham in East London.[6]

There is not just an issue of policy oversight, as McLeod makes clear on the issue of racial disparities – without addressing differences between groups and within regions there will be no 'levelling up' in any meaningful sense, and any efforts to address regional inequalities will ultimately fail.

The Conservatives have been levelling down the UK for the past decade

Across public services, public sector pay, job security or infrastructure – the Conservatives have spent the last decade either levelling down or failing to take opportunities to 'level up' the UK. After decades of deindustrialisation and a financial crisis which hit those outside London and the South East most, austerity made things much worse still. The most deprived local authorities have borne the brunt of austerity since 2010, which has widened social and spatial inequalities. Jones et al. highlight that transport funding was almost £400 million a year lower in 2019 than it was a decade ago, with well over 3,000 local authority supported bus services have been lost or reduced.[7] In health, Chand refers to the Marmot Review[8] and it's follow up,[9] which found that the social gradient has become steeper over the last decade. In 2016-18, life expectancy in the least and most deprived areas differed by 9.5 years for men and 7.7 years for women in 2016-18, rising from 9.1 and 6.8 respectively in 2010-12.[10]

Brexit uncertainty has further added to this levelling down. Research shows that the cost of Brexit uncertainty to date is unevenly distributed across the UK. In relative terms, by 2019, the West Midlands (-5.29%), Northern Ireland (-4.67%), the South West (-3.5%) and South East (-3.08%) appear to have lost most,[11] highlighting that economic divergence between the UK's regions may be exacerbated by the mismanagement of Brexit.

The cumulative effect of the Great Recession, austerity and then Brexit uncertainty has profoundly damaged the social fabric of the country and further accelerated inequalities. The Bank of England's chief economist described the last 10 years as a lost decade for wages[12] (see Reed's chapter), and austerity has been described by the UN as 'callous,' with huge consequences for the poorest in society.[13]

The Covid-19 pandemic has levelled the UK down further

It is not just that the Covid-19 has exposed the gaping inequalities in the UK, it has made the situation worse. In the labour market, after a decade of growth in the number of employees on zero-hour contracts, the economic fallout from Covid-19 has brought new insecurities. Take the 'hire and re-fire' tactics at British Airways and civil aviation, and the threatening of outsourcing of work by companies like Rolls Royce and Alexander Dennis. As Turner underlines in his paper on industry, there is a coordinated strategy of opportunism by some employers. Even where this is not driven by employer opportunism, economic uncertainty will result in more people on short term and zero-hour contracts. Rhetoric about 'levelling up' will be of little comfort to these and thousands of others either losing their jobs or seeing their rights downgraded.

Reay notes the long-term and ongoing levelling down of funding for schools in working class areas. She reminds us that state schools in disadvantaged areas 'are the most under-resourced; the most likely to have buckets collecting water from unrepaired roofs, to have food banks operating in their school halls, to have the narrowest curriculum, an impoverished pedagogy, the strongest focus on discipline, and the least SEND resources.' She details how the Education Policy Institute (EPI) found that over the next year those on FSM they will see increases of 0.6% compared to increase of 1.1 % for non-FSM pupils, and over the last three years, FSM pupils have received increases of just two-thirds the rate of non-FSM pupils.

On housing, homeless charity Shelter reported that 322,000 private renters have fallen into arrears since the pandemic started and that 170,000 had been threatened with eviction. Meanwhile, exclusive estate agents managing properties over £15 million have seen an exponential growth in sales.[15] We had a housing crisis going into the lockdown, and this has only worsened, with the gap between the housing haves and have nots widening.

The government has actively tried to level down London, by trying to scrap free travel for under-18s and put restrictions on Freedom Pass travel. These plans were thwarted, but there will be further discussions in 2021.[16] Fears remain that the government could use the cover of Covid-19 to take away hard won rights for Londoners which make the city at least slightly more liveable for the working class.

McLeod writes about one of the most notable ways Covid-19 has exposed inequality – through the disproportionate deaths of black and brown people. The crisis has shown that racial discrimination is a social determinant of health. Even for people who survive the pandemic, the economic cost is going to be high. People and parents will be expected to spend money they might not have on IT equipment, software and broadband. Black, Bangladeshi and Pakistani households have 10p of wealth for every £1 a white person has and so are ill-equipped to deal with this impact. Again, the gap is widening.

Current funding being made available is a drop in the ocean, and risks leaving the UK lagging behind other EU nations

Sykes reports that a delay over launching the UK Shared Prosperity Fund (UKSPF), which are meant to at least match EU Structural Funds, is leaving left behind areas short changed and at risk of being levelled down. Sykes also deems the Stronger Towns fund "a drop in the ocean" compared to what is needed, over-and-above compensating for the absence of EU regional investment funding.

The issue is not just of replacing the regional funding lost from being in the EU, but of also keeping up with growing investment being spent on lagging EU regions. For example, on green stimulus the UK Government has announced £12bn of spending under a 10-point green plan,[17] which is less than a third of the £36bn announced by the German government. More broadly, the EU already has a €700bn spending programme in place on top of existing budgets. Charles Michel, the Belgian president of the European Council, described the bloc's goals as, 'repairing the damage caused by Covid-19, reforming our economies, remodelling our societies.'

This isn't the first attempt at 'levelling up'

In both McInroy's and Sykes papers we are reminded that Boris Johnson is not the first to have thought about tackling regional inequalities. Whether it be various regeneration attempts under the Blair and Brown governments, or Osborne's 'Northern Powerhouse' – spatially targeted policy designed to alleviate inequalities is nothing new. However, very little seems to have been learnt from past failed attempts – especially in terms of the scale of change needed, the requirement to address the economic foundations of the UK, and the need to take an intersectional approach.

We need structural change in our economy

The problem is not simply one of public investment. Our economic model, and in particular our focus on financialisation, is key to understanding why we fail to level up. This model inevitable favours London, and without a break from this model we cannot fundamentally change the economic geography of the UK.

Far from a trickling down of wealth from cities to outer towns, McInroy shows us that the regional hinterlands and areas outside of these city centres are more and more left behind, with towns such as Bolton, Wigan and Rochdale continuing to struggle despite the economic success of Manchester City Centre and other nearby growth hotspots. Turner reminds us of other fundamentals – that any 'levelling up' agenda must start with supporting well-paid unionised manufacturing jobs and utilising them as an anchoring point for raising the quality of work and prosperity for communities across all regions of our country. It is worth noting too, that a growing share of people work in social care, which is one of the lowest paid sectors in the country. Without a fundamental shift in how care work – mostly done by women – is treated we can never 'level up.' Regional economies are not divorced from the drivers of low pay nationally or internationally.

There is too much power concentrated in Westminster

The Prime Minister has pledged to 'do devolution properly,' promising to 'level up' across every nation and region in the UK, providing support to towns and cities and closing the opportunity gap in our society but again and again Westminster shows it is not serious about deconcentrating power. McInroy illuminates the on-going centralised system of power in the UK and its consequences. Without a fundamental shift in approach there can be no delivery of 'levelling up,' and even if any progress is made it will be undermined if people aren't able to feel they had some say in change.

There is money to tackle the UK's inequality problem

Far from the talk of having to "balance the books" or be prudent with public spending, Sikka highlights the myriad of ways that are available to the government to raise money. These include government borrowing, changes to the capital gains tax rate, and given the absence of inflation – asking the Bank of England to print more money.

Recommendations

Each chapter advocates a number of specific recommendations, but below we summarise the key pillars of an over-arching agenda that would deliver greater equality across the UK. This policy agenda cannot wait for Covid-19 to be over, and indeed, if implemented now would help us to recover sooner and better. Unite has warned of the tsunami of jobs which could be lost – and are already being lost – across industries from civil aviation and aerospace, to automotive and hospitality.[19] Saving those jobs must be the starting point for government intervention but cannot be the end.

As Turner asserts, we start with the principle that the state has a responsibility to intervene strategically and transform our economy. We recognise that the below may not be easily adapted to three-word slogans, but if an agenda of equality addresses poverty; precariousness in the labour market; the uneven distribution of power; race, class, gender and disability prejudice; alongside issues of place-based disadvantages, then and only then, will the government keep its pledge to 'level up' the UK.

The government needs to stop treating inequality as a campaign slogan

Boris Johnson's 'levelling up' agenda has quickly proven to be superficial. If the government is serious about addressing inequality between regions and speaking to the needs of left behind groups in the UK, it must take poverty and structural economic change far more seriously. The government must now stop governing via slogans and populate a policy agenda fit to address the root causes of inequalities across the UK.

As McLeod suggests, if the government wants to develop a narrative to help deliver equality they should look closely at the divisive language they use to pit working class people in the North against those in the South, and which divides the working class as white and non-white. Rather than three-word slogans, they must popularise an appreciation of the common barriers holding back working-class people across the country while increasing the understanding of the particular dynamics of race that impact upon people of colour.

We need to eradicate poverty

A common point made by many authors across this report is the immediate need for a poverty eradication programme. As Raey puts it, 'better, and less slippery, language than that of 'levelling up' would speak of two things: eradicating poverty across Britain, and secondly, the removal of all forms of special privilege in education.' The fact is there can be no 'levelling up' without a robust set of policies to tackle growing poverty in the country.

A first step would be to make the £20 extra a week increase in universal credit permanent. Currently it is due to be withdrawn in March, which is also the point at which the extended furlough period will end. This will plunge thousands into poverty. The government must also make child benefit more generous, with an end to the two-child rule. Furthermore, a form of disability living payments for people with certain disabilities and illness should be reinstated and means-testing should be ended.

The CLASS 2020 Labour Market Realities report found that a quarter of adults are one month away from not being able to pay their rent or mortgage if they were to lose their jobs.[20] Given the threat of a prolonged recession and job losses, welfare support will be critical to keeping poverty at bay and avoiding a new hit to those already left behind and marginalised in society.

We need more redistribution

Within the notion of 'levelling up' there is the mythical idea that everyone can move upwards and be at the "top." This is simply illogical. We need more redistribution to tackle inequality. The national share of income of the richest 1 per cent of households has tripled over the last four decades from 3 per cent in the late 1970s to around 8 per cent.[21]

Around 10 per cent of households hold 44 per cent of all wealth, whilst the poorest 50 per cent own just 9 per cent.[22] As Sikka underlines, redistribution to correct for this growing inequality could take form as a wealth tax, a financial transactions tax, land value tax, higher VAT on luxury goods, reforming capital gains tax, as well as a clampdown or tax avoidance and evasion.

We need to go big

In the past decade regional funding and public investment has taken several big hits including the Conservative Party's policies of austerity and lost EU regional funding. Relatively small amounts of money will do very little to change current trends or make up for historical neglect.

Rather than £12 billion to fund a '10-point green plan' of which only £3 billion is new money, the government needs to invest in line with need, akin to the approach post-World War II. To reach carbon targets spending on the climate emergency each year needs to increase to 2% of GDP in the short term, ramping up to 5% to deliver change at pace. We can start now with a minimum £100 billion green stimulus programme funded directly by government borrowing alongside a new National Investment Bank, backed up by a network of Regional Development Banks, to provide £250billion of lending for enterprise, infrastructure and innovation over ten years, e.g. expanding and electrifying our public transport systems and retrofitting our energy-inefficient homes.

As well as greening up the UK, tackling inequality for the 21st century means huge investment in broadband provision, in transport and technological developments. Without a huge injection of cash, the UK will at best stagnate, and this will ultimately mean we fall behind other industrial nations. We simply cannot tackle forty years of deindustrialisation and growing regional inequalities without large sums of public investment.

A green and care-led recovery, with a new industrial strategy

Without an effort to rebuild manufacturing or recognise the importance of social care there can be no rebalancing. Turner notes that this must be a coordinated strategy between the regions, and across industries and supply chains. Within this industrial strategy, there must be a defence of foundational industries. Turner advocates public ownership of industries such as steel, transport, communications and energy, which would form the foundations of an industrial strategy. However, we would be wrong to think only of traditional industries when rebuilding the economy. The Women's Budget Group's Commission on a Gender-Equal Economy recently launched a report making the case for the creation of a caring economy – an economy which values care, both paid and unpaid, as the activities that nurture us all.[23]

Particular attention must be paid to young people in any job creation programme as they are twice as likely to work in shut-down sectors. Short-term initiatives must have links to job creation planned through a bold new green industrial strategy and stimulus.

A National Recovery Council

Turner calls for a National Recovery Council (based on the National Economic Development Council that was abolished in 1992) to provide support to sectors of industry and involve trade unions. This would bring the experience and expertise of the trade unions from the shop floor into the highest levels of decision making to influence the long-term rebuilding of our economy.

Tackle low pay and job insecurity

A common problem for all those struggling is low pay and job insecurity. In the short term, Rishi Sunak must continue the furlough scheme, while the health crisis rages on, to ensure people's jobs and livelihoods. However, he cannot stop there. Fearmongering about higher government debt is ideological and thus should not stand in the way of increasing public sector pay. After a decade of real term cuts to public sector pay, as well as the sacrifices frontline workers have made during the Covid-19 pandemic, public sector workers deserve a pay rise. We also need to ban zero hour contracts, end bogus self-employment, increase sick pay permanently and strengthen the law so that those who work regular hours for more than 12 weeks will have a right to a regular contract which reflects those hours.

Ultimately, any motion to 'enhance' workers' rights will be futile without the active involvement of trade unions and the proliferation of collective bargaining agreements. There is a whole host of evidence that trade unions and sectoral collective bargaining are fundamental in suppressing wage inequality and are associated with a whole range of in-work benefits such as increased worker wellbeing, job progression and productivity.[24] Trade union density, which stood at 23.2 per cent in 2017, is at a record low, and only around one quarter of workers are covered by a collective bargaining agreement.[25]

The introduction of the National Living Wage in 2016 has confused the lexicon of wage legislation. The current National Living Wage is simply a minimum wage for adults calculated on the basis of a target of reaching 66 per cent of median earnings by 2024. The Real Living Wage (RLW) is calculated in line with living costs, currently set at £9.30 across the UK and £10.75 in London. The RLW is significantly higher than both the minimum wage applied to those under 25 (currently £8.20) and the National Living Wage (£8.72). We need to move towards a Real Living Wage for all, setting a minimum wage guarantee reflecting the true costs of living to combat high and growing levels of in-work poverty. A pay rise for those on the lowest incomes has an added bonus – this is the group most likely to spend their money, generating further economic output.

Over the longer term, we need to start moving towards a four-day working week (without reducing pay). Chand points out that this would also be a public health measure as it 'would reduce stress, give people back time to shop and cook healthy meals, sleep sufficiently, exercise regularly, dedicate to caring responsibilities and spend more time with their friends and families.'

The introduction of a National Education Service

Unsurprisingly, Reed's analysis of the drivers of regional wages disparities finds differences in education are in part to blame. To address skills imbalance and gaps we need a lifelong education system and workers must have the opportunity to up-skill and re-skill as our jobs and technologies develop. After a decade of cuts, local education institutions need to be properly resourced. Turner notes that apprenticeships must be high quality with a guarantee of work. This is critical if we are to give those not opting to go on to higher education a decent wage. Just as in Germany, the government must encourage large manufacturers to support highly skilled apprentices who can be released or seconded throughout the wider supply chain.

We need more devolution

McInroy advocates a National Constitutional Convention to start the process of a shift in power away from London in a democratic and transparent way. New local tax powers should also be agreed, but only once an appropriate national redistribution method is established.

Adopt community wealth building across the whole city region.

McInroy provides detailed insight on adopting community wealth models as a method to revitalisation of our local economies, particularly in sectors such as retail food supply, retail banking and telecommunications. He writes, "By harnessing the virtuous intent of local policymakers to embrace more democratic control and new forms of ownership, the power of the foundational economy could be genuinely unleashed, thereby creating a plethora of inclusive local economies for all." Possible ways forward include a city region bank, city region companies – such as in construction, and localised green investment.

A Race Equality Act

The Government's plans to level up based on geography will need both universal and targeted approaches. Reed's exploration of why there are regional wage gaps demonstrates that discrimination based on personal characteristics is part of the problem. We need a Race Equality Act, as recommended by Baroness Doreen Lawrence.[26] This would enshrine a commitment to eliminating racial disparities, not merely monitoring them.

Give every citizen a say in their work places, in their communities and in policy

The draconian restrictions placed on unions by the Trade Union Act of 2016 must be repealed immediately. Sectoral collective bargaining must be expanded and encouraged and pay should be included. This is the only way to distribute power into the hands of workers and give voice in the workplace.

Alongside greater democracy in the workplace we need to establish citizen assemblies. This will ensure a bottom-up approach to finding workable solutions and will help ensure policy responses are informed by the people bearing the brunt of inequality. McLoed reminds us that as our decision-making bodies are still mostly unrepresentative of the populations they administer, the routes for influencing policy from the grassroots need to be strengthened. Empowering citizens, in particular those who have been previously side-lined, is the critical building-block for meaningful and sustained change.

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Chapter 1

Levelling up takes genuine devolution

Neil McInroy and Tom Lloyd-Goodwin

Introduction

'Levelling up' is the latest idea in a long line of heralded attempts to address decades of longstanding inequality, and variations in economic performance across the country. 'Levelling up' has been in part prompted by the government winning new seats in the North - the so called 'Red Wall.' Yet, in reality, 'levelling up' does not exist in any meaningful policy, resource or outcome. Indeed, just five years ago, similar claims were made about devolution to some English city regions to deal with regional inequality. However, these confusing and varied devolution deals were disingenuous, framed by austerity, and with little regard for environmental, economic or social justice. The deals were embedded into an economic model prescribed by the Treasury and Whitehall, who continue to this day to hold all the cards. Indeed, since 2015, instead of giving local areas the proper powers to deliver prosperity, devolution has been used to pass the responsibility to deliver austerity. Hence, with the pandemic, and subsequent economic and social crises, we are going to have to take significant, new and profound action to address these longstanding divisions, confusing and ineffective sets of differing powers and responsibilities to safeguard the wellbeing of millions.

Hence, this chapter considers and discusses how we solve the longstanding, deep and growing regional inequality. Firstly, this essay will explore the historic attempts to address this issue, with attention to the relatively recent focus on the regional city centres, and the perils of an economic model based on land and property appreciation. The paper concludes by suggesting what it would really to take to address

A brief history of failures to 'level up.'

The UK, and particularly England, is one of the most highly centralised countries in the world. It also has longstanding and persistent geographical disparities in economic and social conditions and outcomes.[1] The economic gap between London and the rest of the country has been in place for decades. Regional equality in the UK has become the worst of any comparable country and continues to grow.[2]

It is clear from many studies over decades that at the heart of economic success and greater levels of equality and fairness is effective devolution coupled with rooting economic activity in the local social, institutional, and economic fabric of places.[3,4] Despite this, the UK is highly centralised regarding both the economic domination by a region, i.e. London and the South-East, and by a centralised government who stewards fiscal and economic policies in favour of that region.

Today the disadvantage that stems from inequality is both complex and varied.[5] In the UK's former industrial regions, there are still disproportionate levels of premature mortality,[6] accompanied by lower rates of employment growth and substantially higher rates of poverty.[7] In regions outside of London and the South, productivity levels are similar to those found in central and eastern Europe.[8] England's coastal peripheries include some of the poorest and least productive areas of the UK, their problems exacerbated by disconnection due to poor transport links from more economically dynamic areas.[9]

Efforts to address these divides have ranged from the Barlow Commission in 1940,[10] through Beveridge, and the industrial policies of Labour's Wilson government, to the introduction of enterprise zones in the 1980s and recent initiatives such as the Northern Powerhouse. However, broadly speaking, these initiatives have been unable to close economic divides and the longstanding disparities of economic and social disadvantage.

In more recent years, attempts at decentralisation in England began with Regional Development Agencies (RDAs). These were set up by the Labour government in 1998. RDAs spent twelve years (up to their abolition in 2010) trying to bridge the economic output gap between London, the South-East and the rest of England. The work of the nine RDA's was complemented by targeted area-based regeneration such as the Housing Market Renewal Pathfinders Programme. The RDA's were a relative success and were supported by a network of regional government offices, EU funding and improved regional spatial planning. However, as is so often the case in regional policy, after a decade, the RDA's were hastily abolished by the coalition government,[11] and replaced by business-led, Local Enterprise Partnerships (LEPs).

The Coalition Government saw LEPs as a new non-managerialism and non-prescriptive approach to sub-national economic development. In practice, they remain stifled by centralism with a reluctance to devolve powers, responsibilities, or funding. Moreover, LEPs tended to be dominated by big business with little affinity to place.[12] Accompanying LEPs, was a process of devolution, heralded by the then Chancellor George Osborne, as a 'devolution revolution.'[13] Although more accurately this was mere delegation, due to the limited nature of the power and resources involved.[14] City regions, in particular, have been focussed upon and identified as an integral part of devolution shaped by priorities around public finance deficit reduction and ambition to enable cities to boost economic growth and recovery.[15] Despite the claims, this period can only be described as an ad hoc, incremental and piecemeal episode of decentralisation, succeeding in merely pulling devolution in a range of directions and muddling its precise objectives.[16]

Following the introduction of LEPs, central to the government's approach to devolution has been the process of 'deal making' whereby agreements on decentralised powers, responsibilities and resources have been negotiated between national and local city region actors. As such, we have at times seen tortuous and fraught deals emerge, whereby local city regions - after much 'negotiation' with Whitehall and the Treasury- end up signing an agreement, with only some decentralisation of power and resources from Whitehall departments and different combinations of powers allocated to different areas (see figure 1).

Different combinations of powers allocated to different areas

	Skills & Adult Education	Housing	Investment Fund	Transport	Low Carbon & Energy	Business Support	Heritage & Envirionment	Policing & Crime	Health & Wellbeing	Justice
West Midlands		●	●	●		●				
Greater Manchester	●	●	●	●		●		●	●	●
Liverpool	●	●	●	●	●	●	●		●	●
Sheffield	●		●	●		●				
West of England	●		●	●						
Cambridgeshire & Peterborough	●	●	●	●						
North of Tyne	●		●			●				
Tees Valley	●		●	●		●				

Figure 1.

A charitable reading of this picture could interpret this outcome as rightly reflecting geographical differences in ambition, aspiration and capacity for decentralised governance. However, a more critical perspective recognises that what has emerged is a profoundly unjust and unequal manifestation of devolved power and resource.[17] What we see here in devolution is not a significant levelling up via the breaking up of central power in order to forge new economic futures, but rather the power to only act within the confines of what Whitehall allows, and only in certain geographical areas. Namely, what has been devolved is not the full powers to deliver prosperity, but the responsibility to deliver austerity. Whilst some levers were decentralised (as indicated in the table), this did not include wider fiscal powers or other social inputs to economic success such as welfare. Meanwhile, all of this sits within retained austerity and a dominant market-liberal economic model, with financial investment indelibly skewed to existing winners.

The agglomeration economic model

Agglomeration is the process by which economic success is seen as accruing through concentrated networks of policymakers, companies, consumers and workers. Therefore, the focus is on the larger cities, as this is where there is a greater likelihood of smaller supply chains, cost reductions, and productivity increases take place. However, this economic model has paid too little heed as to the quality of these alleged benefits and how corresponding wealth and opportunity are to be distributed. With a narrow focus on economic growth, agglomeration approaches tend to champion high growth sectors such as digital and knowledge-intensive business services as well as asset-based appreciation stemming from property development. Nevertheless, the benefits have not filtered into any significant reduction in inequality or addressing social or environmental injustices. Despite such failings, these are then presented as the economic model to which other places should aspire.[18]

At the core of this agglomeration, economics is a desire for speedy return on capital investment. This means there is a preference for the relatively safe property and land markets (often in our urban centres of our core cities). This skews investment away from the relatively employment rich real economy of manufactured goods and services and the less investment-ready locations. The investment sector – when it does look to the real economy – prefers those businesses in the North or South with collateral, which can be pledged against the investment. This means property and developers. It does not mean small manufacturers or businesses whose pledge is the knowledge and ideas within their own heads.

More impoverished places or those more distanced from economic growth are seen as benefiting either through trickle down in wealth through jobs or a 'trickle outwards' of wealth toward any outlying (and poorer) areas of cities and neighbouring towns. In practice, there is no substantive trickle down or trickle outwards of wealth and opportunity. Instead, the rise of 'residential capitalism'[19] and 'rentier capitalism'[20] where economic growth stems from appreciating asset values, has left all but a few speculative winners better off. There is, for example, little evidence that the faster-growing cities in the North, such as Manchester contribute to the growth of surrounding places.[21] As such, the regional hinterlands and areas outside of these city centres are more and more left behind, with towns such as Bolton, Wigan and Rochdale continuing to struggle despite the economic success of Manchester City Centre and growth hotspots.[22] What is more, given their greater social needs and higher associated cost of service provision, local authorities in these left-behind places have borne the brunt of austerity since 2010, widening social and spatial inequalities.[23]

Furthermore, investors are now increasingly global, often with little or no attachment, connection or affinity to local places. This means that local investors do not readily recirculate the return on investments into our local economies. Indeed, in an era of opaque and fast-moving global capital, it is increasingly difficult even to identify who investors are or avoid any offshoring of capital return. In this context, there are limits to any traditional central government 'after the fact' redistribution. By the time any wealth capture process is in place, the wealth has already been extracted – into the ether of the global economy.

Despite these failings, the benefits of an agglomeration approach continue to be rehashed as part of the continuing solution to the English devolution problem. The new Prime Minister has pledged to 'do devolution properly' with "'levelling up' across every nation and region across the UK, providing support to towns and cities and closing the opportunity gap in our society".[24] The pledge included more funding support for towns and a proposal for a Northern Powerhouse 'growth body'[25] to stimulate growth across the North of England.[26]

The term 'Northern Powerhouse' emerged as a policy agenda led by George Osbourne, whilst Chancellor of the Exchequer, encapsulating the idea that if the northern English cities were joined into a single economic bloc, they would have the power to counterbalance London.[27] As it stands, the "Powerhouse" dream being touted as the savour epitomises the precise failings detailed above. Powerhouses are in essence no more than a branding exercise that seeks to marketise a particular geographical area, encouraging investment in residential and commercial real estate and associated infrastructure.[28] Whilst more funding support for towns may help, its association with an agglomeration approach will mean that the failings exposed above will continue to dominate.

Economic policies, which truly recognise the problems of economic centralism and investment, and will focus on rebuilding manufacturing, in the north, west, east or the south would create a beefy national industrial strategy, a national strategic plan, and dedicated regional investment vehicles. No such things are in place. As a result, many areas across the land remain investment-ready but are underinvested in.

What it takes to really level up?

The problem of regional economic inequality has bedevilled England for decades. Years of incremental ideas and piecemeal approaches have failed. We, therefore, need a progressive leap, which rejects the flawed devolution of the now and genuinely transfers power to people, communities and local democratic bodies. This needs to be done within a deeper national system of fairness and with a proportionate response to the climate emergency. In this, there are both directives to national policy makers as well as a set of recommendation to Metro Mayors and local policymakers in terms of what they can and should be doing here and now to mitigate against the current devolution agenda's failure to tackle social, economic and environmental justice.

1. The ask from the national government:

Hold a national constitutional convention. Devolution has been weak and created confusion. It has failed to tackle the fundamental imbalances of power and wealth. To resolve this imperfect mess, we need a national constitutional convention, involving devolved nations, local government, metro mayors, Parliament, the business community, Trade Unions and civil society organisations. This whole conversation should form the basis to new legislation, to be taken forward by Parliament. This conversation should consider:

- how to develop an enduring package for constitutional reform;
- the likelihood of a federal UK and England;
- reshaping local government so that it sits alongside the central government as a co-director of the nation.

Establish a new national redistribution process. We need a clean start in which we create a national process of redistribution to deal with longstanding regional economic imbalances, and ensure a more level platform for all areas, in perpetuity. This should include a local needs assessment with a recognition that poorer areas need more resources. Others have made some calls as part of 'levelling up' for a national UK renewal fund,[29] or greater retention of local business rates. However, we argue that forms of renewal and regeneration funds have been tried in the past and have failed to deliver the transformation that is needed (for example, the national strategy for neighbourhood renewal, and the RDA 'single pot'). Furthermore, local or city regional retention of business rates on its own would merely deepen inequality.

Create new fiscal powers for local areas. New local tax powers should be agreed, but only once an appropriate national redistribution method is established (as above). These new powers should be used to create more secure links between people and local government by increasing local tax intake. Business rates reform, a local land value tax, hotel or tourist tax should also be considered.

Further social devolution. Human and social capital is the basis of a new productive and inclusive society. Therefore, English devolution must shift its limited focus on infrastructure, skills and economic development towards social powers and resources. Local areas should also gain more control and power over national sources of social investment, including welfare, education, funding for the social sector, cultural policy and arts funding. This should be facilitated by pooled pots of place-based funding for local government, covering the main elements of public resources within any given locality.

1. Local action – a progressive agenda for English metro mayors:

Adopt community wealth building across the whole city region. Whilst economic and industrial strategy has focused on tech and high-productivity trading sectors, middle and low paid workers in low-productivity, non-traded sectors have been neglected.[30] We have ignored the important role that everyday economic sectors (such as retail, care, transport and utilities) play. Place-based approaches, such as community wealth building[31] should therefore be utilised to empower local areas and communities to maximise their existing skills, talents and capabilities.

Community wealth building has emerged as a powerful tool to democratise our local economies and create wealth for all. It rejects the traditional economic development pathway and offers an approach where, the economy and wealth are brought closer to our everyday lives, our communities and our neighbourhoods. This will require a much greater emphasis on the foundational economy as the entry point for a revitalisation of our local economies, particularly in sectors such as retail food supply, retail banking and telecommunications. These sectors of the economy ought to be the terrain through which our next political economic epoch is forged, receiving a much more prominent position within industrial and economic strategies. By harnessing the virtuous intent of local policymakers to embrace more democratic control and new forms of ownership, the power of the foundational economy could be genuinely unleashed, thereby creating a plethora of inclusive local economies for all. To advance a community wealth building approach,

1. **Establishing a community Wealth Hubs -** These community wealth hubs would be a fundamental refocusing of business support, to ensure there is a plurality of vibrant, commercially viable, locally based, generative businesses (SMEs, co-operatives, mutuals, publicly owned enterprises and social enterprises) able to supply local needs for foundational economy goods and services.

2. **City region companies.** These would support the formation of municipal led and owned delivery models, in key employment sectors where large, extractive industries currently dominate and where there will continue to be high levels of need/demand post-Covid-19. For example, the housing construction market.

3. **A city region bank –** to provide an alternative to traditional models of financial exchange and support alternative models of ownership;

4. **Local state holding companies.** With the economic fallout from the pandemic, we face a massive prospective ownership transition, on the back of a wave of business closures for small and medium-size enterprises (SMEs). To counter this threat, we should consider the creation of holding companies to acquire and hold distressed business assets during the crisis until they can be relaunched.

5. **Address climate emergency through a local green new deal.**[32] In previous eras, we have been encouraged to understand 'the economy' and 'the environment' as separate physical and conceptual entities, but we are now in an era where the deep symbiosis between the two must be treated as indubitable. The 'economic' must be recoupled to the 'environmental'. In particular, this calls for a national Green New Deal to have a local element and for local authorities/combined authorities to commit to a local Green New Deal plan. This should embrace the principles of

community wealth building, as described above, to engage local citizens in a piece by piece attack on extractive fossil capitalism.

6. **Establish citizens assemblies.** Workable solutions for left-behind places will require a bottom-up approach, where a range of political and civic actors come together to enforce and promote identity, respect and resilience within local communities. A deepening of democracy will therefore be fundamental in turning back the market liberal tide. But whilst civil society, social action and democracy are the basis to a productive, inclusive economy and society, a substantive democratic process means going beyond the mere expression of preferences at the ballot box. As such, we should enact more deliberative mechanisms that allow all citizens to participate and have a real impact on the decisions that affect their daily reality. We must therefore accelerate existing experiments in deliberative democracy within combined authorities. This should include citizens' assemblies and participatory budgeting.

Conclusion

We need genuine steps to devolve power, which would have a demonstrable impact on real economic and social lives of communities. We need an economy which truly works in the interests of many working class, lower incomes and marginalised groups. The above suit of recommendations offers that by focussing on a deep reform and reset approach. In doing so, it rejects the rhetoric of levelling up from Westminster. Levelling up needs to get real – but so does our response to it. A decade of austerity and flawed devolution– despite the commendable efforts of committed politicians and council officers – show us this is a losing game. In this crisis, we need to demonstrate boldness and belligerence across the local government family – a willingness to hold the government's feet to the fire, and ensure their rhetoric matches the reality. Our communities and localities deserve no less.

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Chapter 2

If 'levelling up' means anything, it must answer the crisis facing workers today

Steve Turner

If it is true that there are decades when nothing happens, but also weeks where decades happen, for how long has Boris Johnson been Prime Minister? In this long year of 2020, it was in distant February that Johnson first announced the imminent 'levelling up' of Britain and only June when this was eclipsed by the promise of a New Deal for Britain. As with all of Johnson's slogans, the promise is one of great anticipation. The sunny uplands to which we are to be led are always just over the next horizon. Such words are of little comfort now, in the cold reality of November, to workers in Bridgend, South Wales, where Ford's Engine Plant has closed after forty years. What help is this New Deal to the small Lancashire town of Barnoldswick today, where workers are fighting to save their site as Rolls Royce plans to relocate the world-leading fan blade manufacturing to Singapore?

The Prime Minister may talk of 'jobs, jobs, jobs,' however, jobs like those at Ford Bridgend or Rolls Royce Barnoldswick – skilled, unionised work with hard-won terms and conditions – may no longer be the norm in large parts of South Wales or Lancashire. Take the example of Barnoldswick, home to 11,000 people, those jobs at the rolls Royce factory directly sustained 1,000 families and up to four times as many families in the supply chain and supporting industries, and contributed £1.1bn to regional GDP.[1] Examples such as Barnoldswick, show that these are not isolated islands of decent, unionised work, but that their importance comes from the broader networks they sustain. In fact, from Brexit to industrial strategy, the configuration of modern industries with the long-reaching UK and international supply chains have been the very thing that consecutive conservative governments have resolutely refused to understand. This is why a plant closure such as that of Honda in Swindon is so devastating. Not only does a region such as the South West lose 3,500 jobs, but as Unite's analysis revealed, the ripple effect across supply chains reverberates out of Swindon to Boston, Milford Haven, Bristol, South Wales and into the North East.[2] Industrially speaking, our regions do not exist in glorious isolation, but in mutual co-dependency. Any 'levelling up' agenda must start with defending and supporting those jobs, and utilising them as an anchoring point for raising the quality of work and prosperity for communities across all regions of our country.

Turning our attention to another similar phrase, 'left behind' towns, which has also done the rounds on panel shows, policy roundtables and broadsheet columns for several years. Just like 'levelling up' it contains a significant mistake. Both catch-phrases make the simplistic yet misleading assumption that regions such as the North East, South Wales or the Midlands have been left behind by the uniformly prosperous London and South East. This is the notion that the march of industrial and social progress leads to The City and that the capital sets the level to which all others should be upped. Yes, the economic gap between UK regions is the starkest of any comparable industrially developed nation.[3] For instance, education attainment may be statistically higher in West London than in Sunderland, and people may live longer on average in Surrey than Merthyr Tydfil. But, to leave our understanding there, ignores the most critical point of all – the convenient blind spot of the Tories – inequality. London is not an exemplar of prosperity but of inequality. In London, 50 per cent of wealth is owned by the top 10 per cent, meanwhile 1.3 million working men and women are stuck in 'in-work poverty.'[4] Take the level of life expectancy, and the difference is stark between the man in Glasgow (73) and his peer in the leafy Chilterns (83), and yet, the difference diminishes with his fellow worker in my borough of Lewisham (76), while the numbers for Tower Hamlets and Sunderland stands jointly at 77.[5]

The point is that if a plan to 'level up' ignores the class divide within regions, it thereby, ignores the general economic and social crisis facing working people across this country, working class communities in London. To ignore the common problem ignores the common solution: a coordinated strategy between the regions. Prosperity cannot be a sum total game. Also, we must talk about inequality beyond just income and life chances to include the lack of voice and self-determination of the working class. There is a reason that for all of Johnson's slogans it was 'Take Back Control' which resonated in Essex as it did in Ebbw Vale.

Manufacturing Matters and the precedent set by Covid

Since Theresa May brought the phrase 'industrial strategy' out of cold storage in 2017, we saw the cancelling of the Swansea Bay Lagoon project, the hostile acquisition of GKN by Melrose, the closure of Brush Electrical Machines at Loughborough, Cummins at Stamford, and the announced closures of Honda in Swindon and Tata's Orb operations -– the UK's only electrical steel manufacturer. The government's record on manufacturing has read like a charge sheet.

Even though this current crisis has set an important precedent for large-scale action, hostility to state intervention is still deeply ingrained into the Tories. The changing electoral landscape and the sheer economic devastation of the Covid-19 crisis has meant the government was dragged into introducing the Job Retention Scheme. Now, following significant pressure from industry and the trade union movement, the government have been compelled to retain a version of it in the Job Support Scheme. While there are many gaps and issues to address in the scheme, its existence is a significant victory following many months of work as a movement. The state has had to intervene in the economy in a way unseen in a generation. The Tories have had to admit through their policy choices that their 'market knows best' orthodoxy simply could not withstand the realities of the crisis facing their system. It not only sets an important precedent; it means our expectations of government is now rising. In a survey of frontline Unite reps at the height of the first lockdown in May, 85 per cent said that 'we cannot return to the way things were' and that 'this crisis presents an opportunity to do things better.'[6]

In June 2020, Unite launched the Manufacturing Matters strategy, a programme to recover and rebuild our economy, developed by the top reps and shop stewards in Unite's manufacturing sectors.[7] In the following months, I have spoken at a series of online Unite conferences in every region and devolved country to talk directly with those frontline reps whose participation and leadership is vital if an industrial strategy is going to become a reality. The overarching conclusion from all those discussions is that it is impossible to separate the 'levelling up agenda' from the immediate question of national recovery post-Covid-19. Unite has warned of the tsunami of jobs which could be lost – and are already being lost – across industries from civil aviation and aerospace, to automotive and hospitality.[8] Saving those jobs must be the starting point for government intervention in manufacturing. When confronting the recession in front of us, the gravest mistake the government could make is to repeat the very same mistakes of the past decade, where an increase in unemployment was met with damaging austerity policies and the creation of widespread insecure and low paid work.

The economic challenges we now face can be traced to the fragility of the foundations of our economy due to the past decade of political choices. For instance, many more households are now closer to the financial edge than when we experienced the impact of the financial crash. Before Covid-19, we faced a crisis in the public sector following a decade of austerity and years of industrial uncertainty. Moreover, this economic crisis already shows the potential to be more severe. Any strategy must focus on solutions that protect and create decent jobs and incomes across all regions.

Central to this must be job security. Over the last thirty years the expectation that a job could be for life, with the stability and opportunity that should offer, has been replaced with the precarity of agency work and zero hour contracts. Security of employment – the long term commitment and investment for the worker as well as the community – offers a stable basis for families and communities, strengthening the resilience of the foundations of our economy.

However, the government has some catching up to do. Even at the height of the lockdown, when millions of workers were furloughed, the economy was never truly paused. Several major employers used their time to plan how the costs of the crisis could be handed down to workers under the guise of Covid-19. For instance, in July, I joined a socially distanced demonstration organised by Unite reps at the Nissan car plant in Sunderland. This was the first rally of its kind to be held at the plant since it opened in 1984, called because the company had chosen this moment, the height of a global pandemic, to attack the workers' pension scheme. The closure of the scheme - which in reality is an opportunistic attack on workers' deferred pay - would have left up to 2,000 of the plant's longest serving loyal staff losing tens of thousands of pounds. Just like the 'hire and re-fire' tactics at British Airways and civil aviation and the threatened outsourcing of work by companies like Rolls Royce and Alexander Dennis we see a coordinated strategy of opportunism which any plan for reconstruction must confront.

Our Programme to Rebuild and Recover

This then is the context in which we outline our 'levelling up' proposals: in the teeth of a sharp recession, a Tory government which has been dragged towards intervention, major employers preparing for an offensive, and a now rising expectation from working people that action can be taken. In our union's strategy, we have proposed a ten-point programme which includes:[9]

1. Investment

From R&D to infrastructure and, in times of crisis, even wage subsidiary, we start with the principle that the state has a responsibility to intervene strategically and transform our economy.

2. The defence of foundation industries

Public ownership of industries such as steel, transport, communications and energy which form the foundations of an industrial strategy. Protection for UK manufacturers from below cost dumping of products in international markets, with appropriate trade remedies.

3. Reform of public procurement

A '*Build Local, Buy UK*' strategy can ensure that the UK's public sector procurement budget is used to support communities. New legislation must compel public bodies to prioritise 'social benefit and value/ economic impact' not simply lowest price when awarding contracts, maximising UK content in procured goods and services.

4. A proactive strategy for reshoring jobs

Remove the barriers to reshoring manufacturing jobs, including access to affordable energy, skills and finance. Provide financial support, both centrally and regionally, to investment projects while providing access to credit and equity for SMEs and the wider manufacturing supply chain to invest in the UK.

5. A just transition of industries to sustainable work

Workers must be leaders in transforming our industries, from energy intensive steel and glass production, to the future of the Oil and Gas industry and the electrification of automotive and aerospace.

6. Apprenticeships

Guarantee and expand high quality apprenticeships, with a guarantee of work, as genuine alternatives to solely academic qualifications and ensure a diversity of learners. Encourage large manufacturers to support highly skilled apprentices who can be released or seconded throughout the wider supply chain.

7. Continuous Education

Workers must have the opportunity to up-skill and re-skill as our jobs and technologies develop. Large manufacturers can partner with local education institutes and support their supply chains to allow the development of skills during downtimes, with new wage protected short time working provisions supporting on-going learning during market downturns.

8. Automation

Artificial Intelligence and other technological advances will only benefit the whole of society if linked to strong protections and advances for workers. This includes job security, shorter working time, job sharing without loss of pay, opportunities for reskilling and democratic oversight over information gathered about us.

9. Give Every Worker A Say

Sectoral collective bargaining and new models of ownership, alongside strong, collective bargaining providing real collective influence over the decisions shaping the future of advanced, sustainable manufacturing.

10. Changing the Rules of the Game

We have to end the reign of the asset strippers! Abolish quarterly reporting, introduce collective share ownership and industrial democracy, reign in excessive executive pay. Give workers the ability to oversee and intervene in strategic decision making, investments and takeovers of their businesses.

Conclusion

Overall, the solution to all these problems is to put well paid, secure, highly skilled and unionised manufacturing jobs at the heart of our economy and to confront the climate emergency by putting workers and our communities' centre stage in a just transition to a greener, cleaner world. To achieve this, our strategy cannot be limited to defensive actions or to short-term plans for the year ahead or even to fight for the next round of investment as important as that is. Our collective aim must be to proactively shape and transition the world of work to protect and advance the interests of our members, families and communities for the next five, 10 and 30 years.

The big questions about any strategy to recover and rebuild are who directs it and in whose interest is it directed? A vision of Dominic Cummings sprinkling funding based on patronage from a Nasa-style 'mission control' centre[10] in Downing Street - a few million pounds to unblock the Manchester rail bottleneck here, a few million for Humberside roads there – lacks any credibility or vision.

We hold true to the belief that no one knows their industries better than those who do the work, and no one knows their communities better than those who live there. Our proposal is that workers must have a collective say over the decisions shaping their future in an advanced and sustainable economy. This can take several complimentary forms. At present collective bargaining gives workers a powerful collective voice in the workplace. This can be strengthened further though sector level bargaining where precarity is rife, such as hospitality, and also through new forms of ownership and company governance. For the purpose of an economy-wide strategy, Unite is calling for workers' voice to be institutionalised into a national and regional strategy by giving permanence to the temporary. If trade unions, as the collective voice of workers, can be listened to in a crisis, we must be heard too in its recovery.

I have called for this recovery to be coordinated by a National Recovery Council, alongside a series of Regional Development Councils. The UK has a chequered history of half-hearted attempts at this, most recently the 'sector deals' which we were promised by Theresa May's government. A National Recovery Council could echo the National Economic Development Council abolished by the Conservative government in 1992, while the current Automotive Council shows the benefit of such an approach at the sectoral level. Provided trade unions can participate meaningfully, nationally and at local level, the result would be to bring the experience and expertise of the trade unions from the shop floor into the highest levels of decision making to influence the long-term rebuilding of our economy.

Take Wales for example. Industrially speaking Wales has been hit by multiple blows. Not only is it forecast to be the worst exposed part of the UK to the economic fallout of Covid-19, due to the higher proportion of workers in industries hit by the lockdown compared to the rest of the UK, but also, Wales has been hit by the Covid-19-related economic crisis, particularly in aerospace and automotive.[11] In addition, multiple government failures to support foundation industries such as steel and infrastructure projects such as the Swansea Bay Tidal Lagoon project, generating green energy and world-beating technologies, has held back the regional economy. The importance of the aerospace sector to Wales and its interconnected industries of aviation and defence is undeniable, with thousands of people employed across the industry. It has an annual turnover of £6 billion, with nine out of the ten of the sector's largest companies in the world based in Wales.[12]

Within aerospace, there are several identifiable clusters in Wales: Airbus Wing Manufacture, Maintenance, Repair and Overhaul (MRO), Interiors and Defence. The MRO cluster, mainly situated in South Wales, employs approximately 6,000 people and includes British Airways Maintenance Cardiff, Avionics, as well as GE in Nantgarw. BAE Systems, General

Dynamic and Airbus Defence at Newport are also key players within the defence sector.

Such clusters and networks of supply are the modern arteries of industry, and just as they were impacted by Covid-19, so too they can be used to drive prosperity. With strategic support, such as funding for R&D, positive procurement strategies, access to skills and support for the further reshoring of supply chains, such clusters can drive a broader regional recovery. Supporting industrial specialisation, such as aerospace, is a proven strategy. Regions which are supported to specialise in key technologies with spill-over effects of R&D and supply in their surrounding areas will grow more rapidly through cluster formation than funding distributed arbitrarily for one-off investments.

This doesn't just apply to aerospace, automotive or steel, of course. Britain's shipyards are another example - an open goal for any government. The campaign to defend our shipyards, led by Unite, the GMB and the CSEU,[13] has focused on the government contracts for the Royal Navy's Future Solid Support Ships (FSS), which are to be built to support the new generation of aircraft carriers. These contracts offer a lifeline to 40,000 workers, from the shipyards of Appledore in Devon and Cammell Laird on the Mersey to Belfast's Harland and Wolff and Scotland's Rosyth through to their extended supply chains and the blast furnaces of Britain's steel and metals industries.

Conclusion

Time will tell if the lessons of this crisis will be learnt and applied to the 'levelling up agenda,' or if it will be another slogan which will come to rest alongside George Osborne's 'March of the Makers;' which itself lies in the shadow of the hunkering wreckage of the 'Northern Powerhouse.'
In the trade union movement, there will never be any love lost for Boris Johnson. We are not fooled into thinking that if left to their own devices, he and his party's conversion to the economic intervention will be long-lived. Nor will it address the question of inequality. If you think otherwise, well I have a Garden Bridge to sell you.

It is possible – perhaps even likely – that as the UK emerges from the government's disastrous mishandling of the pandemic that the Tory's old instincts will return. Maybe when talk of 'moon shots' has receded they will turn once again to 'economists' such as Patrick Minford who has seen in Brexit an opportunity to 'run down' automotive and advanced manufacturing 'in the same way we ran down the coal and steel industries.'[14] They might want to return to that, but we don't have to let them and nor will voters who, at Johnson's admission, had only 'lent' their votes to his government.

I am proud of our great army of shop stewards and activists who have been put to the test in a way that none of us could have foreseen. Suppose that skill, experience and dedication can be brought to the table. In that case, it can lead our recovery and finally address the deep issues of inequality and division, across all regions and devolved countries, which have brought us to this point.

If the government is unable or unwilling to do it, we will do it ourselves.

Steve Turner is Assistant General Secretary, Unite the Union

“There are large and persistent differences in wage levels between regions and sub-regions of the UK”

Chapter 3

The regional pay gap

Howard Reed

Introduction

Wages are the main component of gross income, comprising just under half of total national income (ONS, 2020a). For most working age families, wage income is their main source of income. Working age employment at the end of 2019, was around 76 per cent of adults aged 16 to 64 (ONS 2020b), and around 85 per cent of people in work are employees, rather than self-employed. The Covid-19 pandemic has resulted in a fall in pay, with an estimated 2 million now earning less than minimum wage.[1] This may be seen as a short-term Covid-19 induced reduction, but it is key this trend is reversed fully. Any serious 'levelling up' agenda must include a focus on increasing earnings for employees in lower-paid regions. Across the UK as a whole, the overall rate of wage growth since 2010 has been very low by historical standards, with average weekly earnings (as measured by the ONS's average weekly earnings index) growing by only around 0.3% per year between 2010 and 2020. This is compared to growth of 1.4% per year between 2000 and 2010, and 1.8% per year between 1990 and 2000. Figure 1 shows that average real wages in the UK fell between 2008 and 2014 before increasing after 2014, although they still have not regained their 2007-08 peak in real terms.

Real average weekly earnings, all workers, UK, 2000-2020

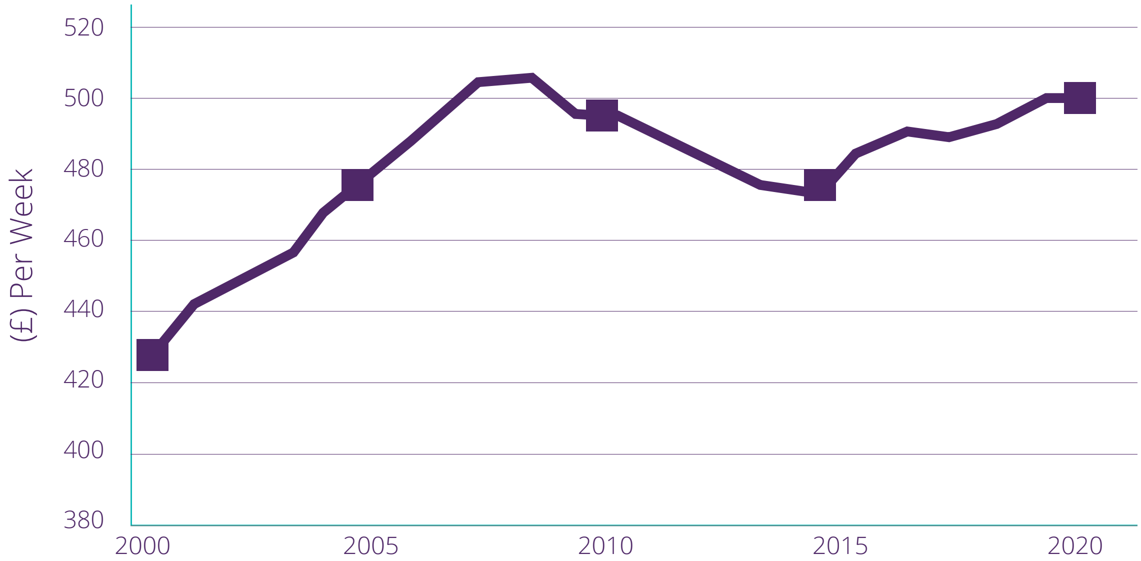

Figure 1: Source: ONS (2020c,2020d,2016).
Note: Real average weekly earnings calculated by dividing nominal weekly earnings by Consumer Prices Index. Data for 2020 based on January-March only.

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The structure of this paper is as follows. analyses data on average wages from 21 regions across the UK based on the Labour Force Survey (LFS) to show the distribution of hourly and weekly earnings in 2019. Section 3 assesses the gap between wages in the highest-paid and lowest-paid regions of the UK at different points in the hourly wage distribution – the 10th, 25th, 50th, 75th and 90th percentiles. Section 4 shows the rate of growth in wages between 2010 and 2019 in different regions and assesses whether regions with relatively low wages in 2010 caught up at all with the average wage by 2019, or whether there was increased divergence of wages between wages over this period. Section 5 analyses the determinants of wages using a regression framework. How much of the variation in wages across regions can be explained by differences in worker or job characteristics? Section 6 offers conclusions.

Average weekly and hourly earnings across regions of the UK in 2019:

The analysis in this paper uses data from the UK Labour Force Survey (LFS), a detailed survey of wages for around 35,000 workers per year. Most of the analysis uses LFS data for 2019, before the onset of the COVID-19 pandemic. The Labour Force Survey divides employees in the UK into one of 21 regions (17 in England, 2 in Scotland, plus Wales and Northern Ireland which are treated as single regions) according to the location of their workplace. In this analysis, I classify these regions into four groups based on geographical location, as shown in Table 1.

Regional groupings in Labour Force Survey

Grouping	Regions in Grouping
England: Northern	Tyne & Wear Rest of Northeast South Yorkshire West Yorkshire Rest of Yorkshire & Humber Greater Manchester Merseyside Rest of Northwest
England: Midlands and South West	East Midlands West Midlands metropolitan area Rest of West Midlands South West
England: Greater South East	Central London Inner London Outer London Rest of South East East Anglia
Scotland, Wales and Northern Ireland	Strathclyde Rest of Scotland Wales Northern Ireland

Table 1.

Source: Analysis by Howard Reed, Lansman Economics, of Labour Force Survey data

Looking first at weekly wages, in 2019 the average (mean) weekly wage in the Labour Force Survey for full-time workers across all regions of the UK was £634 per week (to the nearest pound). Figure 1 shows average weekly wages across each region in the UK, shown relative to the all-UK average. The average weekly wage for each region is shown as a label against each bar of the chart (for example, £551 for Tyne and Wear). The length and direction of the bar shows how far below average UK weekly wages (for left-facing bars), or how far above the average (for right-facing bars) each region's weekly average earnings figure is. Hence, for Tyne & Wear, the bar goes left because average wages in Tyne and Wear are below the UK average, whereas for Central London, the bar goes right because wages in Central London are above the UK average. The regions are colour coded according to the four groups shown in Table 1, as follows:

Figure 2 shows that average regional wages are only above the UK-wide average for 4 out of 21 regions, which includes, central London, inner London, outer London and the rest of the South-East. All four of these regions are in the Greater South-East (GSE). The only region in the GSE with lower-than-average weekly wages is East Anglia. Looking at the other broad groupings, the northern regions all have average wages between £550 and £600 per week except for Greater Manchester, where average wages are £613 per week. Average wages in Merseyside are the next highest at £593 per week. Tyne & Wear and the 'Rest of the North' region have the lowest average wages in this grouping, and indeed the lowest in England overall. In the Midlands and South-West grouping, wages are somewhat higher (on average) than in the North grouping. The four regions represented here all have average wages of between £570 and £600 per week, with the West Midlands metropolitan region having the highest wages.

In the Greater South-East grouping, Central London (£983) has exceptionally high average wages compared to any other region. Wages in Inner London are also relatively high at £829. Outer London (£700) and Inner London (£667) have average wages that are much closer to the UK-wide average, although still above. Weekly wages in East Anglia (£607) are very similar to the levels in Greater Manchester and the West Midlands metropolitan area.

In the other countries of the UK, average wages in Strathclyde (£608) and the rest of Scotland (£628) are higher than in Wales (£561) and Northern Ireland (£535), which has the lowest average weekly wages for full-time workers of any of the 21 UK regions featured in the Labour Force Survey.

Average (mean) weekly wages for full-time employees in each LFS region and difference from UK-wide mean, 2019

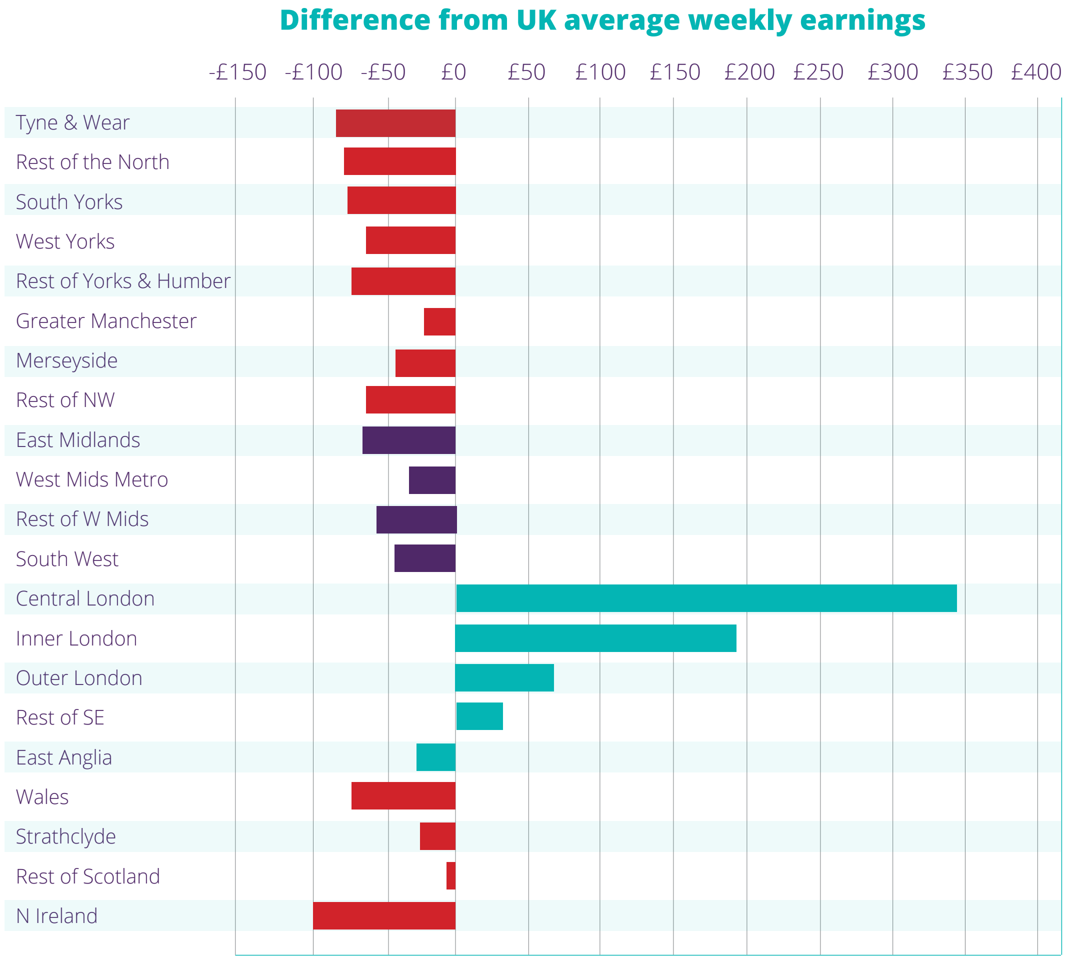

Figure 2.

Source: Analysis by Howard Reed, Lansman Economics, of Labour Force Survey data

Subsequent analysis in this paper uses median hourly earnings for all employees rather than mean average earnings for full-time employees, as hourly earnings control for any differences in average hours worked across regions in the UK. In particular it is important to include part-time workers (who comprise more than a quarter of the workforce) in the analysis. The median statistic for wages is more robust to extreme values at either end of the wage distribution than the mean, as it focuses on the "middle" employee in the pay distribution in each region. Figure 3 is a figure constructed similarly to Figure 2 but using median hourly earnings instead of mean weekly earnings.

Median hourly wages for all employees in each LFS region and difference from UK-wide median, 2019

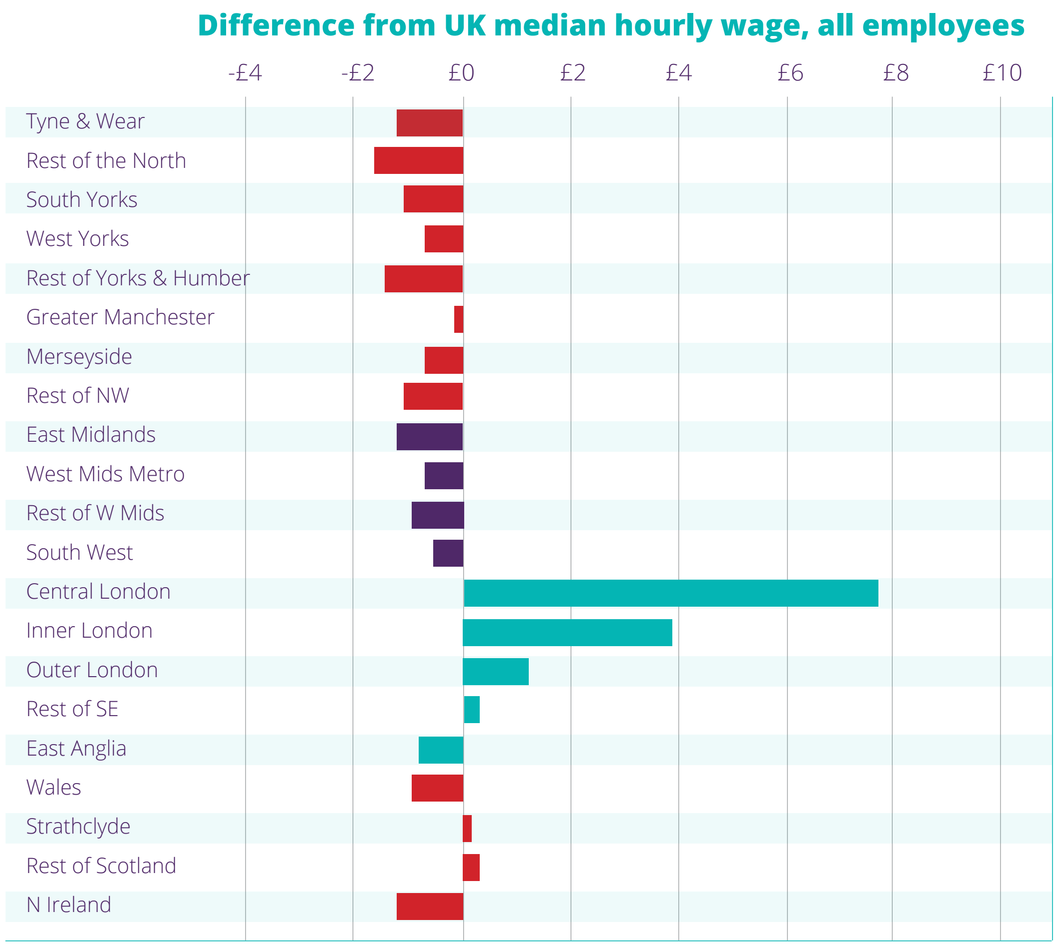

Figure 3.

Source: Analysis by Howard Reed, Lansman Economics, of Labour Force Survey data

The results from Figure 3 show a similar pattern in the distribution of median hourly wages across regions to that of mean weekly wages in Figure 2 in most respects. The main differences are that the dispersion of median hourly earnings across regions is slightly lower than for mean weekly earnings. Namely, the spread between the lowest and highest-paying regions is lower when looking at the median hourly wage than when looking at the mean hourly wage. Also, the Scottish regions have median hourly wages that are slightly above the UK-wide median, whereas average weekly wages in Scotland are slightly below the UK-wide mean.

Regional wage gaps at different points across the wage distribution:

The median is only one point in the hourly wage distribution for each region – the middle point. It is also possible to examine other points of the wage distribution lower down or further up the distribution. Table 2 analyses the dispersion (spread) between hourly wage levels across the regions at five different points in the wage distribution:

- the 10th percentile (10 per cent – a tenth – of the way up the distribution);
- the 25th percentile (25 per cent – a quarter – of the way up the distribution);
- the median (halfway up the distribution – the middle);
- the 75th percentile (75 per cent – three-quarters – of the way up the distribution);
- the 90th percentile (90 percent – nine-tenths – of the way up).

At each of these intervals, the left-hand column shows how far below the corresponding point sits in the UK-wide distribution each of the three lowest-wage regions. Meanwhile, the right hand column shows how far above that point in the UK-wide distribution each of the three highest-wage regions is (taking the average of the three lowest-paid regions and three highest paid regions, respectively). At the 10th and 25th percentile of the hourly wage distribution, hourly earnings in the lowest-paid three regions are between 6 and 7% below the UK-wide 10th and 25th percentiles respectively. At the median the lowest-paid regions are paid around 12 percent below the UK-wide average, and the gap between the lowest paid and the UK-wide statistic increases to 16% at the 75th percentile and 21% at the 90th percentile.

The gap between the three highest-paid regions and the UK average is also bigger at the median and 75th percentile (around 34 to 35 percent) than it is at the 25th percentile (28 per cent) or the 10th percentile (20 percent), although at the 90th percentile the gap is slightly lower (30%). Overall, Table 2 shows that the spread between the lowest and highest paid regions increases the further up the wage distribution we go, at least as far up as the 75th percentile (three-quarters of the way up the distribution).

Distribution of hourly wages in lowest-paid and highest-paid regions compared to whole UK at different points of the distribution

Distributional point (percentile)	Lowest-paid three regions, averaged	Highest-paid three regions, averaged
10th	-6.0%	+20.2%
25th	-6.7%	+27.9%
50th (median)	-11.8%	+34.0%
75th	-16.0%	+34.9%
90th	-20.9%	+30.5%

Table 2.

Source: Analysis by Howard Reed, Lansman Economics, of Labour Force Survey data

Changes in wages across regions from 2010 to 2019:

So far, this paper has focused on the distribution of wages in 2019. But it is also instructive to examine how wages changed across the last decade and whether regional imbalances are growing, shrinking or largely static. Across the UK as a whole, the median real hourly wage across all employees (measured in 2020 prices) was £12.46 in 2010 and £12.52 in 2019 – almost unchanged in real terms. However, this overall figure conceals significant changes in median wages within regions. For example, in Scotland (outside Strathclyde) median wages grew by 80 pence per hour between 2010 and 2019, while in Inner London median wages fell by 57 pence per hour over the same period.

Figure 4 below is a scatterplot diagram which shows the relationship between the median wage in 2010 and the change in median wages between 2010 and 2019 for each of the 21 regions in the Labour Force survey data. Each region is shown as a circular point with the points colour-coded according to the same schema used in Figures 2 and 3.

Scatterplot of change in real median hourly wages across UK regions, 2010-19

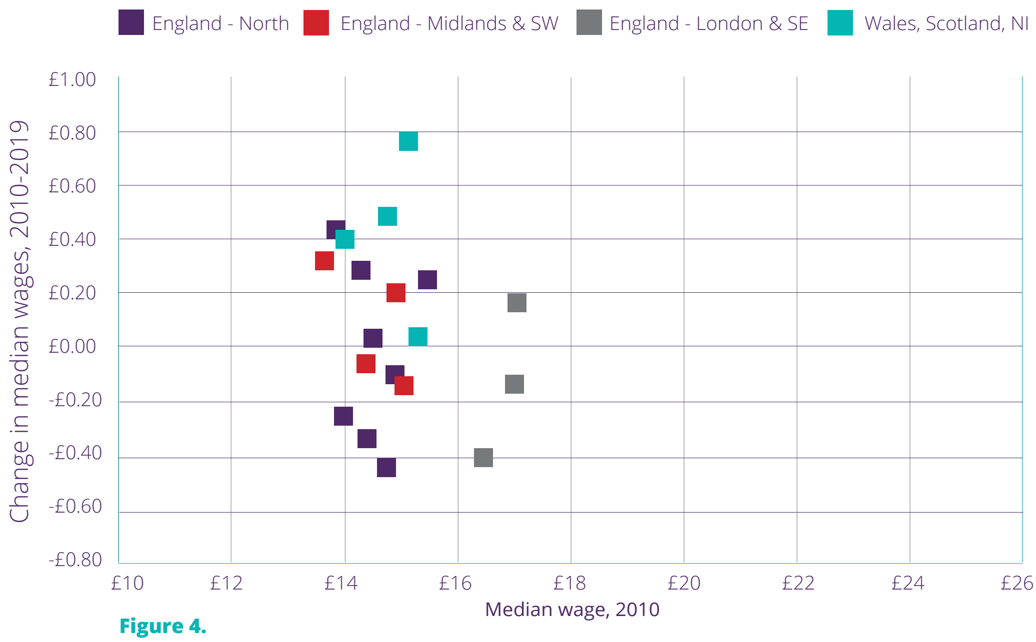

Figure 4.

Source: Analysis by Howard Reed, Lansman Economics, of Labour Force Survey data

Overall, Figure 4 shows evidence of some reduction in the dispersion of median wages across regions between 2010 and 2019, driven mainly by reduced median wages in central London and Inner London, and also by higher-than average growth in some (though not all) of the northern regions, some of the midlands, and Wales, Scotland and Northern Ireland. A "line of best fit" (regression line) drawn across all the points in Figure 3 shows that on average, for each extra pound higher that average wages were in a region in 2010, that region's wages increased by around 6 pence per hour less over the 2010s. In other words, lower-wage regions had slightly higher growth than high wage regions over the decade. However, the effect is relatively small, and occurred during a decade in which wage growth was exceptionally low by post-war standards as shown in the introduction. So, it would be optimistic to claim that a regional "levelling up" was occurring in wages over the period 2010 to 2019.

Explaining the differences in wages between regions:

Sections 2, 3 and 4 of this paper have shown that there are clear and persistent differences in average wages between regions. It is important to establish to what extent these differences in wages can be explained by differences in the characteristics of employees in each region and/or the profile of jobs in each region. If it turns out to be the case that differences in individual characteristics such as gender, ethnicity, age or disability status are key determinants of wages, and that there are variations in the distributions of those characteristics across labour markets in different regions, then an obvious policy lever to "level up" the labour market would be to reduce differences in wage levels across personal characteristics. For example, by taking action to reduce the degree of discrimination in the labour market by gender, ethnicity, age or disability status.

Another possibility is that there are differences in educational qualifications across different regions. For example, around two-thirds of employees in the Central London region have a university degree compared to an average of 35 percent of employees across the whole UK. This helps explain why average wages in Central London are much higher than the UK average (although as shown below, it is not a complete explanation of the gaps). A third possibility is that there are variations in the characteristics of jobs as well as employees in each region. For example, the profile of jobs by occupation or industry sector may be very different in each region. Around 15 per cent of employees in Central London work in the financial services sector compared to only 2.5 per cent of employees in Wales, for example.

This section uses a statistical regression framework to analyse the extent to which differences in wages by region are correlated with differences in employee and job characteristics. The specific functional form of the regression is a quantile regression of median hourly wages for employees in the LFS in 2019. The explanatory variables in the regression are as follows:

- the 21 LFS regions in the UK (dummy variables for each region);
- employee characteristics.
    - sex; (male/female);
    - ethnicity (Bangladeshi, Black, Chinese, Indian, Mixed, other Asian, other ethnicity, Pakistani, White);
    - disabled (as defined by the Equality Act);
    - age group (18-24, 25-34, 35-44, 45-54, 55-64, 65 or over);
    - highest qualification (degree, other higher education, A level or equivalent, GCSE or equivalent, other, no qualifications);
- job characteristics:
    - industry (SIC2007 categories A to S);
    - occupation (SOC2000 categories 1 to 9).

Figure 5 below shows the impact of controlling for differences in employee and job characteristics on the spread of average (median) hourly wages across the 21 UK regions. The light-coloured bars (coloured according to the region-grouping schema used in previous charts in this paper) show the 'raw' differences in median hourly wages for each region compared to the UK-wide median wage. These are calculated using the results from a regression of hourly wages on regional dummy variables with no other explanatory variables included. The pattern shown is very similar to the median wage analysis in Figure 3 above. The darker coloured bars show the differences in median hourly wages for each region after controlling for differences in employee and job characteristics. In other words, they are an estimate

Median hourly wages in UK regions compared to UK average: the impact of controlling for differences in employee and job characteristics

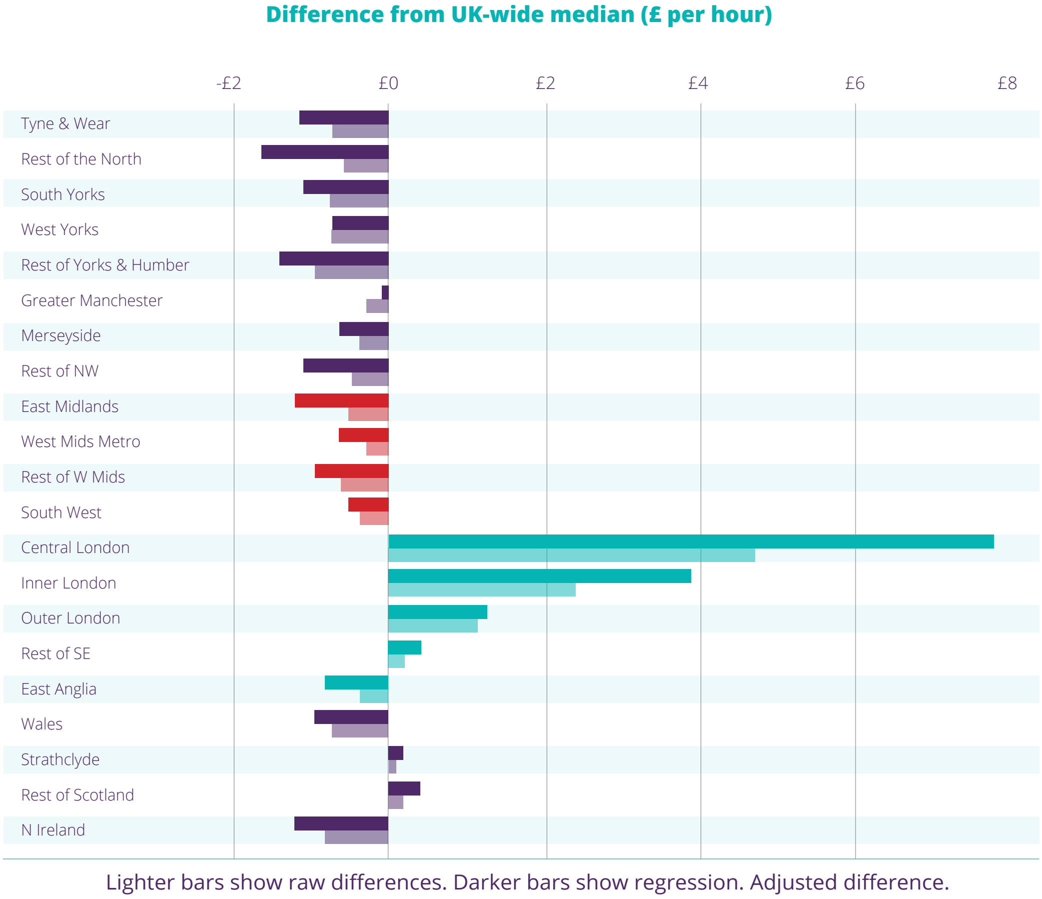

Figure 5.

Source: Analysis by Howard Reed, Lansman Economics, of Labour Force Survey data

An analysis of the darker 'regression-adjusted' bars in Figure 5 compared to the lighter 'raw' bars shows that controlling for differences in employee and job characteristics significantly reduces the spread of average wages across regions – but it does not eliminate the spread completely. For example, the raw median hourly wage in central London is just under £8 higher than the UK-wide average, while the regression-adjusted median hourly wage is just under £5 higher than the UK-wide average. In the East Midlands region, the unadjusted median hourly wage is around £1.25 lower than the UK-wide median, while the regression-adjusted hourly wage is around 50p lower. The process of adjusting wages to take account of differences in employee and job characteristics reduces the gap between median wages in each region and the UK average for all regions except Greater Manchester, where regression adjustment makes the gap larger.

An analysis of the standard deviation (a statistical measure of spread) of median wages across all 21 regions before and after regression adjustment shows that differences in employee and job characteristics across regions explain about 40% (two-fifths) of the variation in wages across regions. This is a substantial amount, but the analysis still leaves more than half of the wages gap between regions unexplained.

Conclusion

This paper has shown that there are large and persistent differences in wage levels between regions and sub-regions of the UK using a number of different measures of average wages and other points of the wage distribution. Wages are persistently above the UK average in London and the South East of England (and especially in Central and Inner London) while they are persistently below the UK average in most other regions (and especially the Northern English regions excluding Greater Manchester and Merseyside, the East Midlands, the West Midlands outside the West Midlands metropolitan area, Wales and Northern Ireland).

While there was some reduction in the dispersion of average wages across different regions between 2010 and 2019, this only closed a small percentage of the wage gap between the lowest and highest-paid regions. Furthermore, the compression of wages occurred at a point where wages were growing particularly slowly compared with the average for previous decades, so it would be optimistic to claim that a "levelling up" was occurring in wages over the most recent decade. The impact of COVID-19 on the wage distribution cannot yet be assessed using data that are available so far.

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In terms of options for policymakers in "levelling up" the gap between different regions, four potential options are available. The first three of these relate to the regression evidence from Section 5 of this paper which showed that around 40 per cent of the median wage differentials between different regions can be accounted for by differences in employee and job characteristics. Personal characteristics such as gender, ethnicity and age, educational qualifications, and industry sector and occupational characteristics of jobs all had a role to play in explaining inter-regional differences in wages. Each of these sets of characteristics suggests a possible strategy for reducing wage differentials, as follows:

1. Reducing pay discrimination in the labour market according to Equality Act characteristics such as gender, ethnicity, disability and age.
2. Improving the profile of educational qualifications in regions where wages are lower than average (for example, increasing the proportion of employees with degrees and/or A-levels working in the lower-paid regions.
3. Encouraging a more even spread of jobs in higher-paying occupations and industries across different regions so that high-paying jobs are not so concentrated in London and the South East.

The fourth policy option requires further research to ascertain what other factors, not observed in the LFS dataset, explain the remaining 60 per cent of the wage gap between different regions that is not explicable by differences in employee and job characteristics. For example, do wage differentials reflect differences in the cost of living between London and the South East and elsewhere in the UK? Housing cost differentials could be important in explaining regional differences in wages, for instance. Three-fifths of the regional wage gap is unexplained by the analysis in this chapter; filling in that blank space with further explanations would make it easier for policymakers to assess the correct strategy to "level up" wages to the fullest extent possible.

By Howard Reed, Landman Economics

"Good quality public transport is absolutely crucial to any levelling up agenda."

Chapter 4

Levelling Up in Public Transport

Sian Jones

Introduction

Good quality public transport is absolutely crucial to any 'levelling up' agenda, and unions agree it should be a universal basic right.[1] From health and wellbeing, to employment opportunities, environmental factors and social and economic inequality – there are multiple measures which demonstrate the importance of our public transport networks. This is true wherever you live in Britain. Often, there is not so much a North-South divide with public transport provision, as a metro-suburban/rural divide. It is also clearly a class issue, with a strong correlation between social disadvantage and access to public transport. This paper explores these factors and updates the picture in the wake of Covid-19, which has decimated passenger volumes. We explain why we welcome High-Speed 2 (HS2) as part of a 'levelling up' agenda and call for greater investment in public transport projects across the country, including Northern Powerhouse Rail, Crossrail 2, investment in new electric bus fleets, and restoring and maintaining bus routes to create affordable, accountable integrated transport supporting more active travel such as walking and cycling, with the funding to make it work.

Transport as a class issue

Good transport links hold the key to accessing employment and schools, as well as health, social and leisure services. If you can reach where you need to go easily, quickly and cheaply, then you have more options, and your quality of life is enhanced. That proximity to good transport links will push up the property and rental prices, so neighbourhoods with good transport links tend to be more affluent – as a recent government report found: 'mobility and accessibility inequalities are highly correlated with social disadvantage.'[2] Subsequently, the poorer you are, the less likely you are to live within easy walking distance of a rail, tube or metro station.

You are also less likely to own or have access to a private vehicle, which significantly reduces your mobility options. This is particularly stark in Scotland where car usage is closely related to affluence,[3] whereas London has the lowest car ownership in London (why own a car if you have good, relatively cheap and reliable public transport?). Poor transport particularly affects shift workers as cuts to services often render them inconvenient or useless, meaning that a lack of transport services 'considerably exacerbates the problem [of inequality] in many parts of the UK.'[4]

Moreover, women are less likely to have access to a car and are more likely to travel by bus, on foot, community transport or taxi than men. Consequently, poor quality, unreliable and expensive public transport has a far bigger impact on women's lives. We need to plan and run public transport in a way which makes it positively accessible to everyone. This can only happen if transport policy makers properly consult with passenger groups, disabled peoples' and user organisations as well as the transport unions. Research needs to be commissioned into the adequacy of safe, accessible public transport for disabled people and their experience of using these services. Further, public transport should be classed as an essential service, under public ownership and with robust regulations in place. As the UN said of the UK: 'abandoning people to the private market in relation to a service that affects every dimension of their basic wellbeing is incompatible with human rights requirements.'[5]

The neglect of the Bus service

People travel by bus in huge numbers. In the year ending March 2020 (i.e. mostly pre-lockdown) a staggering 4.13 billion local passenger bus journeys were taken,[6] accounting for more than half of all public transport use.[7] Bus travel has been gradually but steadily decreasing in recent years since its peak in London in 2014 and 2007/8 outside of London. Despite this, the National Audit Office predicts that 'bus travel will likely remain the primary and essential mode of transport for many, especially the most disadvantaged.'[8] But bus services are under pressure.

The Campaign for Better Transport exposed that funding was almost £400 million a year lower in 2019 than it was a decade ago, with well over 3,000 local authority supported bus services lost or reduced.[9] In London in 2018, 48 socially desirable bus routes were cut leaving those who relied on them with no equivalent public transport to replace this void other than walking – something which is not an option for many.

Deregulation of bus services outside of London is largely to blame for the cuts, with local authorities prohibited from cross-subsidising unprofitable routes. It has not led to much competition either, as bus services are run by just five major operators monopolising certain 'core territories'.[10] London has fared differently and been able to take advantage of franchising models in which TfL takes on the revenue risk of running bus services by collecting the fares and paying operators a fixed fee. This has prevented so much money being drained from the system in shareholder dividends.[11] Nevertheless, it has resulted in a schedule that leaves many drivers exhausted - a system that delivers safe, affordable public transport must recognise the needs of staff.

Levelling up, down, across and within

The disparity in transport provision and spending across the country is not as simple as a North-South divide. Urban-rural factors are significant, there is a concentration in high-density population areas, with London spending the highest per head on transport at roughly twice the rate of other parts of the country and more than three times the lowest spend region of the East Midlands.[12]

Commuters everywhere have miserable stories to share. Constant delays and cancellations, coupled with overcrowding and unreliability has led to personal tragedies including stress-related ill health, job losses, and even relationship breakdowns for passengers of 'Southern Fail.'[13] A similar experience was endured by passengers of Northern, with appalling delays and thousands of cancellations during the botched 2018 new timetable fiasco. When private ownership fails, the government steps in for these vital services under the 'operator of last resort', and Northern was renationalised in 2020.[14] At the same time, congestion and lack of dedicated bus lanes have left passengers on our most-used public transport services stewing in traffic when they simply want to get to and from work, shops and services.

Different quality rolling stock is another area of inequality in public transport provision. The hated 'pacer' trains were decommissioned in much of the South after 2015 yet are still in operation on routes in the North of England and down in the South West. Pacers have become a physical emblem of rail inequality – noisy, dirty, uncomfortable to ride in and a world away from their new clean, quiet, and accessible electric cousins. The same applies to buses, where London has invested in cleaner, quieter electric and hybrid vehicles ahead of other parts of the country.[16]

To this government's shame, under their watch planned rail electrification projects outside of South East England had been cancelled, including the Cardiff to Swansea section of the Great Western Mainline, Kettering to Nottingham, Derby and Sheffield and Oxenholme to Windermere. Former Transport Secretary Chris Grayling claimed it was because there were other ways of delivering improvements with less disruption. However, the National Audit Office subsequently found that the reasons for the cancellation had been purely financial. In other words, the Tory government made a political decision that despite the benefits it could deliver to rail infrastructure outside of the South-East, it was not worth government spending. Electrification is essential because it improves environmental quality by replacing dirty diesel engines, allows quicker braking and acceleration, in turn increasing capacity on those lines and materially improving journeys for passengers.[17]

For many people living outside of London, rail travel is not an option at all. The legacy of Dr Beeching's cuts from the 1960s is the loss of over 5,000 miles of rail lines, thousands of railway stations. Many of these lines provided rail access to smaller or more rural locations, exacerbating the lack of public transport for such areas. There have been some attempts to reverse this, including this year's 'Restoring Your Railway' fund.[18] Mostly focused on re-opening lines closed by Beeching, these projects[19] would only provide piecemeal improvements to a small number of local services. The funding available is a drop in the infrastructure ocean, covering consultants rather than construction, meaning it is not the major investment needed to truly 'level up.'

HS2 and beyond

From a discussion of the current creaking and congested public transport network, we move onto the projects which can radically improve services and simultaneously address climate change.

Major infrastructure projects have the potential to address inequalities and deficits in transport provision radically, and high-speed rail is right at the top of the 'shovel ready' project list. We strongly back the HS2 rail project which will run from London Euston to Birmingham Curzon Street, and then on to Crewe, Manchester and Leeds. However, we argue that it should go all the way to Scotland, and to start building down from the North now rather than waiting and be complemented with the simultaneous building of HS3, or Northern Powerhouse Rail (or Crossrail for the North).

The country's rail network is overcrowded and badly in need of investment. HS2 was conceived under a Labour government and then approved way back in 2012.[20] Mismanagement under successive Tory governments has led to delays and cost increases, but the value and necessity of the project remain. HS2 is already supporting around 9,000 jobs and over the 20-year construction period is expected to create 30,000 engineering and construction jobs, including 2,000 apprentices, and an additional 400,000 supply chain jobs.[21] British Steel should be utilised for this project to reduce the distance the tracks need to travel before being installed alongside rolling stock manufactured by a UK based facility. Improvements in accessibility and environmental impact are further positives the project brings.

The new high-speed line will take fast intercity trains off the existing lines across the West Coast Main Line, and in doing so free up capacity to run more local and regional services outside of London. Journey times will be reduced across a multitude of services and greater freight capacity on our railways will decongest our roads, cutting emissions. To benefit the regions, it must go through to Manchester, Leeds and Crewe.

However, it is not just HS2 that we need in order to 'level up' our public transport system. Crossrail for the North, or Northern Powerhouse Rail (NPR), is another crucial part of the jigsaw. The project consists of new and upgraded lines to provide fast West-East services from Liverpool across to Hull, and better connectivity through Manchester, Sheffield, Leeds, York and Newcastle.[22] In doing so, NPR will bring up to 10 million people within 90 minutes of four or more northern cities and is projected to help generate 35,000 more jobs in northern city centres.[23] Many of these fall within the 'red wall' constituencies taken by the Conservatives in the 2019 election, presumably making this a priority project for government.

Lastly, we want to see Crossrail 2 get the go-ahead in London as it will allow for extra capacity and faster journeys across our capital city, including regeneration across the South-East.[24]

Regarding bus services, research has found that public ownership of buses would save £506 million a year[25] that could be invested in developing better bus networks and lowering fares. In addition, the government should use its purchasing power to support industries and jobs and create an upgraded, sustainable future, such as purchasing its promised 4,000 new, greener buses[26] from British manufacturers with the obligation that such spend must maintain and create jobs in this country. The government and/or local councils could then lease these to bus operators in localities across the country.

HS2 and beyond

From a discussion of the current creaking and congested public transport network, we move onto the projects which can radically improve services and simultaneously address climate change.

Major infrastructure projects have the potential to address inequalities and deficits in transport provision radically, and high-speed rail is right at the top of the 'shovel ready' project list. We strongly back the HS2 rail project which will run from London Euston to Birmingham Curzon Street, and then on to Crewe, Manchester and Leeds. However, we argue that it should go all the way to Scotland, and to start building down from the North now rather than waiting and be complemented with the simultaneous building of HS3, or Northern Powerhouse Rail (or Crossrail for the North).

The country's rail network is overcrowded and badly in need of investment. HS2 was conceived under a Labour government and then approved way back in 2012.[20] Mismanagement under successive Tory governments has led to delays and cost increases, but the value and necessity of the project remain. HS2 is already supporting around 9,000 jobs and over the 20-year construction period is expected to create 30,000 engineering and construction jobs, including 2,000 apprentices, and an additional 400,000 supply chain jobs.[21] British Steel should be utilised for this project to reduce the distance the tracks need to travel before being installed alongside rolling stock manufactured by a UK based facility. Improvements in accessibility and environmental impact are further positives the project brings.

The new high-speed line will take fast intercity trains off the existing lines across the West Coast Main Line, and in doing so free up capacity to run more local and regional services outside of London. Journey times will be reduced across a multitude of services and greater freight capacity on our railways will decongest our roads, cutting emissions. To benefit the regions, it must go through to Manchester, Leeds and Crewe.

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Environmental impact of levelling up on transport

The above projects are important to a 'levelling up' agenda not just for economic reasons, but because pollution and climate change are also class issues. Alongside putting in place electric bus fleets, and recognising rail is by far the most carbon-efficient mass transit transport system available we have, there is the potential to make radical improvements on both fronts.[27] It is essential to support integrated, accessible and sustainable transport. With investment and commitment to renewable electricity generation and energy-efficient electric rail (including decarbonising the existing network),[28] new projects such as HS2 have the potential to make a significant impact on reducing the UK's carbon emissions.

Whether it is for commuter, leisure or freight travel, a shift in road traffic to rail, and investment in public transport, cleaner fuels and electric vehicles reduces carbon emissions, makes long journeys far more efficient, and lightens our over-congested roads. Crossrail for the North would have a significant impact on commuter experiences, and of course, on air quality in the region. But, only these big projects can deliver such big results; their importance cannot be overstated. Studies have found a strong link between poverty and higher exposure to air pollution.[29] Transport is a major cause of air pollution and is the main source of nitrogen dioxide (NO2) emissions.[30] Exposure to this and other air pollutants can have adverse effects on health and quality of life and has been shown to increase hospital admissions for stroke, respiratory disease and cardiac arrest, as well as stunting lung growth in children.[31] It is also closely linked to asthma, which London has the highest rate of in Europe, leading Mayor Sadiq Khan to declare a 'health emergency.'[32]

Hence, if you are poorer, your health is likely to be affected by your exposure to air pollution, often from busy roads. By reducing polluting road traffic, shifting people to clean forms of active travel for short journeys and onto (preferably clean electric) public transport for other journeys, we can radically reduce air pollution, carbon emissions and improve our nation's physical and environmental health. To achieve this, we should be piloting what countries like Germany are already starting to roll out: free public transport services.[33] This is an opportunity that should be seized – the upgrading of rail, bus and other public transport will require the procurement of new stock and vehicles, all of which can be manufactured here in the UK. A positive procurement policy to do this can maintain and create jobs in these manufacturing industries at a crucial time.

Covid-19 impact on public transport

It is impossible to write about transport – or anything – without acknowledging the impact the coronavirus pandemic has had. Covid-19 has decimated passenger numbers across all forms of public transport. Between February and May 2020 (i.e. pre and post lockdown) railway services almost halved (a 47% drop) and weekly journeys went from 22.3 million to 1.7m.[34] Even after the lockdown was eased, passenger numbers remained low, and have started to dip again with rail use at 32% of pre-covid levels and bus passenger volumes flatlining at 59% as of 5 October.[35] The Office for Road and Rail described it as "the lowest levels last seen in the mid-nineteenth century".[36]

While effort has been put into shifting people to forms of 'active travel' – walking and cycling – it is clear that private car use has risen. Car use picked up quickly after lockdown and had returned to normal levels by the beginning of August, while rail and bus use languished on 31% and 42%, respectively, and has risen only slightly since.[37] For rail use, we are seeing a new pattern emerge where passenger numbers are higher (if only slightly) on the weekends than weekdays. The death of the commute must be responsible.

We have tragically seen the death of many transport workers, especially bus drivers and BAME workers.[38] However, there is evidence that public transport can be a Covid-19-safe place.[39] In France, only 1.2% of infections are related to public transport use, and it seems that measures such as regular cleaning, ventilation, mandatory use of masks and even banning talking (yes really – do not try speaking on the subway in Japan) can be effective ways of reducing transmission.[40] Yet government advice regularly includes requests to avoid public transport, and the public does not seem convinced that public transport is safe. Higher car travel is an inevitable result. Our industry needs to respond to changes in passenger behaviour and adopt new approaches to ticketing, such as flexible season tickets to adapt to changing work patterns within the rising culture of flexible hours contracts, women are more likely to be part-time and disadvantaged by the high cost of season tickets, more likely to need transport for caring responsibilities as well as paid work. Flexible ticketing would attract more people and be more for practical for commuters post-pandemic.

It's clear that the government has a massive opportunity to guide 'levelling up' - or down - in transport post-Covid-19. In London, the government has been forced to ditch highly controversial proposals for the TfL funding settlement which required scrapping free travel for under-18s, restrictions on Freedom Pass travel and rumours of fare rises.[41] However, this is a 'stop gap' deal, and further funding will be required to see London's public transport through the full effects of the pandemic which has devastated revenues.[42]

Covid-19 also provides the government with an unprecedented opportunity to take positive action to bring rail and other public transport services into public ownership – as Wales announced in October.[43] During lockdown, the government took on the responsibility and cost of running our railways, and that situation has effectively been extended for up to 18 months (albeit with private shareholders still receiving over £100m in pay-outs). Until the Williams Rail Review is published, we do not know quite which way the government will turn, but they admit that franchising has failed.[44]

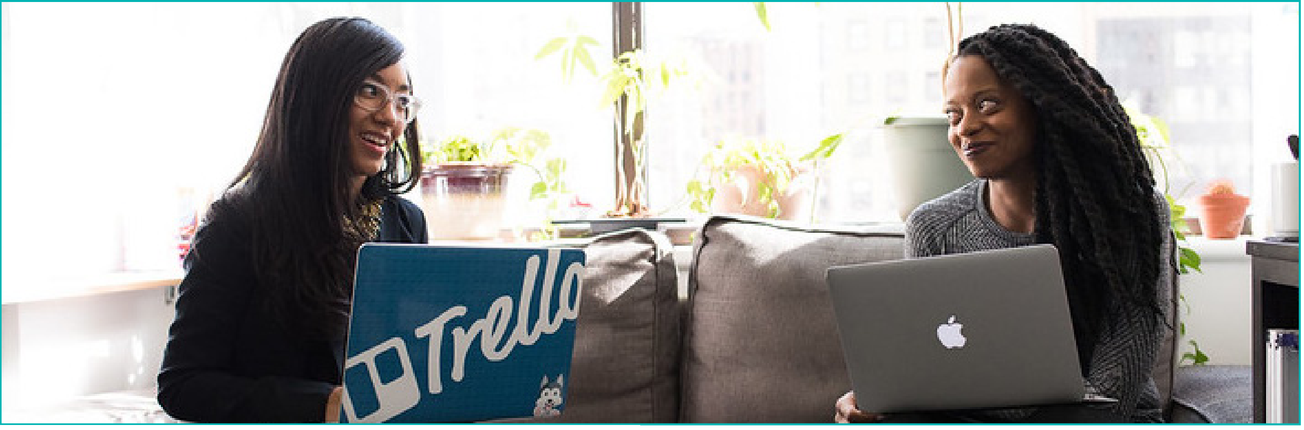
Conclusion

When it comes to 'levelling up,' investing in clean, accessible and efficient public transport networks has huge potential to transform our country in an inclusive and climate-friendly way. The job creation from big infrastructure projects will have a multiplier effect on the wider economy in the short term and the potential for long-lasting job creation once operational. Done right, the climate effects would also be significant through shifting millions of passenger and freight journeys off our congested roads and onto quick, clean and accessible electric rail and new fleets of electric buses.

By strategically targeting areas of socio-economic deprivation for access to affordable (or even free) public transport, the lives of those communities would be measurably enhanced as their ability to access wider employment, leisure and service opportunities grows. Similar benefits would be felt by those more rural towns and villages which had been cut off from rail travel and poorly served - if at all – by local bus services. Our transport planning system penalises people who cannot afford a car or afford rising fares, something which hits older, disabled and minority groups hardest.

The country is at a turning point. The shiny shovel ready HS2 project is underway, but to truly meet its 'levelling up' promises the government must not leave gaping holes in regional transport infrastructure investment, and above all, it must not be allowed to play political games with funding.

Sian Jones is Head of Communications at the TSSA Union. Additional contributions by Aslef and Unite the Union.



Chapter 5

Levelling up Black, Asian and minority ethnic communities

Maurice McLeod

Introduction

If the Government's concept of a nation sharing the fruit of its labour more equitably is to be achieved, steps need to be taken to 'level up' black, Asian and minority ethnic communities – no matter where they happen to live geographically. The feelings of being left behind that fuelled both Brexit[1] and Boris Johnson's ascendance is felt every bit as strongly in marginalised communities across the country.

In order to bridge the gap between held-down and under-invested communities, and the asset-owning class, we will need to pay particular attention to the role racial inequality plays in shaping the different parts of society, and what specific and targeted policies are required to tackle the problems. Racial disparities in employment, including pay and progression, and access to credit are significant factors in determining life-chances as well as education and 'opportunity'. We should underpin action on racism with a Race Equality Act, as recommended by Baroness Doreen Lawrence.[2] This would enshrine a commitment to eliminating racial disparities, not merely monitoring them. We should also develop narratives around race and class to popularise an appreciation of the common barriers holding back working-class people of all backgrounds; to increase understanding of the particular dynamics of race that impact upon people of colour. This would improve our understanding of our history, a consequence of which would break down prejudices against immigrants and refugees so that new-comers are treated with humanity.

Geographical inequality landscape of race and class

When looking at geographical, namely regional inequalities, we have to consider interregional inequalities. A failure to do so would simply maintain or increase local inequalities - leaving black, Asian and minority ethnic groups even further behind their white counterparts. The Runnymede Trust and Manchester University's report, Local Ethnic Inequalities,[3] found that between the decade of 2001 and 2011, the ethnic inequalities in employment and housing had grown. These are the two most direct wealth indicators of the four examined, the other two being education and health.[4] Nevertheless, education is also impacted by wealth and is an indicator of potential future earnings. Further, poor health is both a symptom and a cause of inequality, whereas employment and housing are both much more closely correlated to current wealth.

The Local Ethnic Inequalities report found that the inequalities existed in areas with large minority ethnic communities, like Tower Hamlets; in smaller minority communities; and wealthier rural areas, like Breckland in mid-Norfolk. This demonstrates the systemic nature of racism in Britain because the effects of racism are evident, to varying degrees, regardless of the economic environment in which black, Asian and minority ethnic communities find themselves living. Many of the areas which were reported to have become more unequal between 2001 and 2011 were semi-rural and rural districts that had low ethnic diversity levels and small ethnic minority populations at the start of the decade.

Areas like Bradford bucked the trend and showed a decrease in ethnic inequalities in the decade between the last two censuses. The west Yorkshire city, with its large Asian population, saw particular improvements in education, with most ethnic minority groups closing the attainment gap that had opened up with white British students. The only group for whom the educational inequality got worse was the white 'other' group. On a measure of multiple inequalities, Bradford moved from the 5th most unequal district in 2001 to the 22nd a decade later. However, educational attainment does not translate into proportional increases in employment success and income,[5] especially when factoring out self-employment within BAME communities.

While ethnic inequality was virtually universal, it was by no means uniform. The Index of Multiple Inequality (IMI) indicates that the most unequal districts of England and Wales were Lambeth, Haringey, Rotherham, Oldham, and Tower Hamlets. The most equal were Knowsley, Copeland, The Vale of Glamorgan, Hartlepool and North Warwickshire. On the other hand, in London, 'inner-city' boroughs are increasingly defined by gentrification, which sees ever-greater disparities between wealthy and poverty-stricken residents living in close proximity but entirely different lives. Meanwhile, employment inequality grew in over a third of districts with black, mixed and Asian groups doing worst when compared to white Britons. Housing inequality also grew across most districts, with black groups living in the lowest quality housing. People from minority ethnic backgrounds suffered from higher levels of overcrowding than their white British peers in every district in England and Wales in 2011.

Despite the Government's claims to have reduced the ethnic employment gap, there is nothing to suggest that inequalities have reduced in the current decade. Many of the jobs taken up by minority communities are low paid and precarious. The very specific manifestations the ethnic inequalities take in various districts show that the problem must be tackled on a local level alongside a national strategy. As the universality of the inequality dictates, it is not just a challenge for local authorities with particularly diverse or deprived populations, but rather, an issue that all districts should take action on.

Tackling racial inequality must be considered at the conception of any 'levelling up' programmes. Both universal and targeted measures will be needed at different times, in different areas and for different communities. This is nuanced and difficult work, which requires local authorities to think and act in novel ways. It requires both will and resources. While the resurgence of the Black Lives Matter Movement globally might encourage the will, the economic impacts of the Covid-19 pandemic and Brexit risk robbing the resources and diverting attention.

The Covid effect

The Covid-19 pandemic shone a spotlight on the social and economic inequalities that have always blighted Britain's black and brown communities. The crisis showed that racial discrimination is a social determinant of health. People from minority communities or more likely to have been doing precarious low paid work. This means they are most likely not to qualify for help from the Government's coronavirus support, which focused on businesses and the full time employed. Black and Asian people are more likely to be key workers or public-facing in some way, meaning that they are more likely to come into contact with someone who is carrying the virus. The precarious nature of much of the work carried out by black and Asian people means they are less able to take time off from work, to either shield or to quarantine themselves. Moreover, minority ethnic people are more likely to live in overcrowded homes, and this makes social distancing much more difficult. All of these factors combine to explain the alarmingly high number of black and Asian people who contracted (and died from) the virus.

Public Health England's analysis of survival among confirmed Covid-19 cases showed that, after accounting for the effect of sex, age, deprivation and region, people of Bangladeshi ethnicity had around twice the risk of death when compared to people of White British ethnicity. People of Chinese, Indian, Pakistani, Other Asian, Black Caribbean and Other Black ethnicity had between 10 and 50% higher risk of death when compared to White British.[6] Even for people who survive the pandemic, the economic cost is going to be high. People and parents will be expected to spend money they might not have on IT equipment, software and broadband. Black, Bangladeshi and Pakistani households have 10p of wealth for every £1 a white person has, and so, are ill-equipped to deal with this impact. The closure of schools, with their guaranteed interaction and food provision, will have also presented challenges for those wishing to work but unable to without the free child care. Sadly, we know that the worst is yet to come, regardless of how many waves of Covid-19 we have.

Homeless charity Shelter reported that 322,000 private renters[7] have fallen into arrears since the pandemic started and said that 170,000 had been threatened with eviction.[8] This was while the eviction ban and furlough scheme was still in place so the real scale of the issue is likely to be much more severe. Many people were quite rightly worried about the plight of those working in the hospitality industry, which was particularly badly hit by the pandemic. The industry employs 3.2 million people. When we remember that black, Asian and minority ethnic Britain is made up of at least 8.1 million people, specific targeted interventions for this group should be every bit as much in demand.

Race, migration and class and messaging

As well as tackling systemic racism at a policymaking level, we need to provide counter-narratives to messaging, which seeks to either blatantly, or subtly, use race and migration in ways which encourage animosity and mistrust.

Many have been increasingly horrified at the ramping-up of the hostile environment under Home Secretary Priti Patel, who floated ideas in the media, ranging from sending asylum seekers 4,000 miles away to the colonial outpost of the Ascension Islands,[9] a wave machine to repel immigrants aboard inflatable dinghies,[10] or even deploying nets in the English channel to catch them.[11] These stories have all the hallmarks of a deliberate and concerted attempt to stoke the 'culture war', to define who belongs and who does not. Who makes the grade as a 'native' and who is an outsider who has come to exploit Britain's fabled generosity? Immigrants are the most legislated-upon group of people in society. Since the early 1990s, there has been, on average, a piece of legislation on immigration every other year, with each Act progressively more pernicious. As Sivanandan put it:

> **The fight against racism is connected to the fight against immigration laws, asylum and anti-terrorism, anti-terrorism to racism (anti-Muslim racism in particular), asylum and immigration, immigration, and so on. Moreover, they are all related in one way or another to the erosion of civil liberties, imperial foreign policy and the rise of the authoritarian state.[12]**

Legislation has continued to draw lines between 'skilled' and 'unskilled' migrants, 'the best and the brightest' and the rest. These distinctions are as artificial as those between immigrants (foreigners) and ex-pats (Brits moving abroad), or the exceptions made for white Australians, New Zealanders and South Africans compared to black and brown immigrants.

For instance, David Goodhart has argued that 'absorbing 100,000 Australians is very different to 100,000 Afghans', and has frequently sought to blur the lines between immigration and race by putting statistics about people of colour and people born abroad 'side by side'.[13] Immigration has long been a proxy for race[14] in the broader sense, typically embracing people of colour more generally.

Maya Goodfellow wrote:

> **Twisted to apply to specific groups of people at particular times, there is no hard and fast rule of who is an immigrant and who isn't. In the public debate, 'immigrant' comes to mean all kinds of different things; messy and shifting, it is, at times, conflated with race or ethnicity, and it's applied to people seeking asylum or who have refugee status.[15]**

From inconsistencies about who is an immigrant to the blurring of immigration and race to impact on British-born people of colour no matter how many generations ago their ancestors came to Britain. The hostile language used in tandem with rhetoric about welcoming those deemed to be a 'good immigrant' who will add economic value, or 'win races or bake good cakes.'[16] These are just some of the contradictions at the heart of the 'culture war' used to drive communities apart.

However, with immigration and race being so closely bound together the challenge is not merely to unpick the contradictions, or indeed to appeal to a sense of generosity by advancing the financial-based argument that more immigrants enrich the country with a net economic contribution. Instead, the task is to promote both fairness and humanity and highlight the common interests and barriers shared by the multi-ethnic working class. Namely, the white working class British, the black and brown working class British, and migrants, versus the unfair and often unearned advantage and privilege enjoyed by those with power and wealth. The antidote to this unfairness is equality, which is better for everyone.[17]

This is where 'framing' comes into play. The processes by which we frame issues by making reference to peoples' values and 'common sense' as a means of softening negative influences and promoting positive and progressive values in its place. This can be achieved by identifying how frames and language used by campaigners can be adapted to win arguments, make analogies stick, and build the case for change. Some work on immigration framing has been done,[18] but there is an urgent need to develop framing around race. The CLASS and Runnymede Trust race and class project has produced some initial work on challenging divide and rule narratives[19] around race and class messaging.[20] This suggested that a combination of telling modern and historical stories set in a background of the common struggle for rights and dignity is the way forward.

Furthermore, there is a need to move the blame from the individual to the institution, from the workers to the decision-makers who do the hiring and firing, and away from the multi-ethnic working class to the affluent white middle classes who are the most segregated segment of society.[21] It is through this class lens that we can make a case for equalising life-chances for all races, and through a race lens that we can make sense of class. From the brutal enslavement of Africans for financial gain, the extractive exploitation of colonialism, to the dark Satanic mills of Dickensian poverty in Britain, the foundations of capitalism have been built on the demonisation of the working class compounded with racist depictions of people of colour to justify the unjustifiable.

Nevertheless, we can, and should, build solidarity across such differences. Shared identity can emerge from shared conditions but also shared values, shared history of past struggles, willingness to support each other, and a sense of pride in and belonging to local neighbourhoods.[22] This solidarity can be forged from a class and race analysis that unequivocally pinpoints the enemy, which is underpinned by bold policies aimed squarely at combatting systemic discrimination and transforming the 'system' by taking on capital, vested interests, and the institutions that uphold the privilege and down press on immigrants, people of colour and the white working class.

We need to weave together ideas around race and class into one coherent vision to enshrine the goal of eliminating race inequality from the economy simultaneously with tackling class disparities as a single narrative of dismantling common barriers. This must be one of the core missions of progressives seeking transformative change. Race and class analysis can work together to create an enhanced form of anti-racism, in much the same way that the Green New Deal blends socialism and environmentalism; two sides of the same coin.

Universal and targeted responses

Developing policies and responses to economic racism will require work across multiple platforms and in multiple arenas. Just as the Government's plans to 'level up' based on geography will need both universal and targeted approaches, the same is true of tackling ethnic inequality. Policy responses will need to be informed by the people bearing the brunt of the inequality. Further, while our decision-making bodies are still mostly unrepresentative of the populations they administer, the routes for influencing policy from the grassroots need to be strengthened. Unfortunately, the voluntary sector that supports these grassroots groups, and often has the best analysis on how to help marginalised communities, are themselves struggling after years of underfunding.

In the report, The Economic Downturn and the Black, Asian and minority ethnic (BAME) third sector 2009,[23] Race on the Agenda reported that in London, funding cuts following the recession had hit the voluntary and community sector hard, and that BAME supporting organisations were particularly harshly impacted.[24] Another study found that not only was the BAME third sector mostly unsuccessful in grant applications, but also, that the funding pots available rarely matched the needs.[25] In some cases, this saw BAME charities losing up to a fifth of their annual income. At the precise time that people from black and Asian communities needed support, the organisations that specialised in helping them were having to find ways of doing more with less.

The voluntary sector will be needed again to help black and Asian communities which are likely to be hardest hit in any post-Covid-19, post-Brexit downturn, but unfortunately, the sector is in worse shape than it was a decade ago. Local authorities have caused some of this, having sought savings generalising their services and moving away from culturally specific contracting.[26] Whether we are looking at ways to nurture organisations which support minority ethnic communities, or developing policies which respond directly to the inequalities, we should be considering the duel aims of both providing opportunities for those who are currently denied these opportunities, but also, of creating a more just, cohesive society.[27] Moreover, should a group have a specific need, a policy should be implemented that actually responds to the need, rather than some proxy or universal application which misses the mark. More generally, justice requires that we give priority to the needs of the worse-off first.

Here the lessons on race and class are both complementary and divergent. Where a targeted policy to increase the voice or participation is known to work, and where both ethnic minorities and working-class people lack such voice or representation, the policy can and should be applied to both groups. An example here is a positive action, an example that also points to the need to implement the socio-economic duty in the Equality Act (2010). There are then many targeted policies that could be similarly deployed in response to race and class inequalities. However, there are some such policies that might not be so extended. Three examples are race equality training for employees in the criminal justice system to challenge stereotypes about black men; English-language provision for migrants; and an industrial or economic development policy that ensures better (or any) jobs for working-class communities.

On this latter point, a key reason why Race and Class in post-Brexit Britain communities feel 'left behind' or otherwise excluded is because in many working-class communities there is no longer the sort of work that helped define that community and provide individuals with meaning and self-worth. The idea that a nostalgic form of 'white Britishness' could fill this hole while offering neither employment, resources, nor access to decision-making institutions is profoundly desperate – and dangerous. Instead, we must build responses that react to the need for dignity and meaning, needs that must be accompanied not only by a vague sense that the community matters, but by real opportunities for employment and representation.

It may be particularly important or useful if people support a targeted policy for a group other than themselves. So to build shared interests or a common sense of belonging, we should support policies that benefit other groups and not our group, and expect similar support in return. This will both ensure that we support policies on the grounds of justice rather than out of self-interest, and make us understand other people's experiences better. A final point here, however, is that when supporting policies to benefit others, it is not enough to build shared interests or something more substantial – say, solidarity. Understanding other people's experiences will require a much bolder and explicit admission of the past and ongoing racism that affect how British (working-class or otherwise) identity expresses itself.

The Capitalist Elephant in the room

When looking at any measures to improve the economic condition, we can not ignore the fact that the way our economy runs has racism baked in to its core. It is often said that we are not going to achieve real race equality in a capitalist system, and that simply promoting 'black capitalism' and seeing the number of black millionaires increase will do little or nothing to help communities held back by race and class barriers. The existing economic orthodoxy has proven incapable of addressing inequalities, with a direct correlation between income inequality and health and social problems.

Our economic system has been built on the dual pillars of financial exploitation of enslavement and colonialism abroad, and oppression of the working classes at home. Financial institutions, like the Bank of England, and investment houses, were formed to administer the ill-gotten gains of slavery.[28] Expecting a system, which was specifically designed to extract wealth from one type of person (or from particular parts of the globe), in order to concentrate it in the hands of a few, to provide the solutions to the racism on which it suckled at birth seems hopefully optimistic. However, it is the system we have, and until there is a seismic shift in power and who wields it, the best we can work towards is ways to mitigate some of the harm done.

Today, the economy relies heavily on extractive industries that exploit the natural resources of developing countries and cause environmental destruction most acutely felt in the Global South. Where often workers earning the least - such as miners in Africa's Congo basin - are toiling for highly-profitable business in the West such as mobile phone companies.[29]

Black Lives Matter embodies a movement focused on radical redistributive policy for all black people, rather than simply more businesses in BAME communities facing the same challenges in being awarded bank loans.[30] In Britain, banks are more likely to close in deprived areas, and fee-charging cash machines are more concentrated in these areas as well. BAME communities are more likely to have poorer credit ratings,[31] with a consequential impact on access to credit and homeownership.

Economics - including the teaching of it - remains centred around whiteness, and many anti-racist struggles are in essence, struggles against economic injustice that results from baked-in racism not just from institutions but from the economy itself. Rev Dr Martin Luther King Jnr was acutely aware of the need for economic redistribution and the antidote to economic inequalities faced by black people, and he sought to build a multi-racial 'Poor People's Campaign' to demand economic justice.[32]

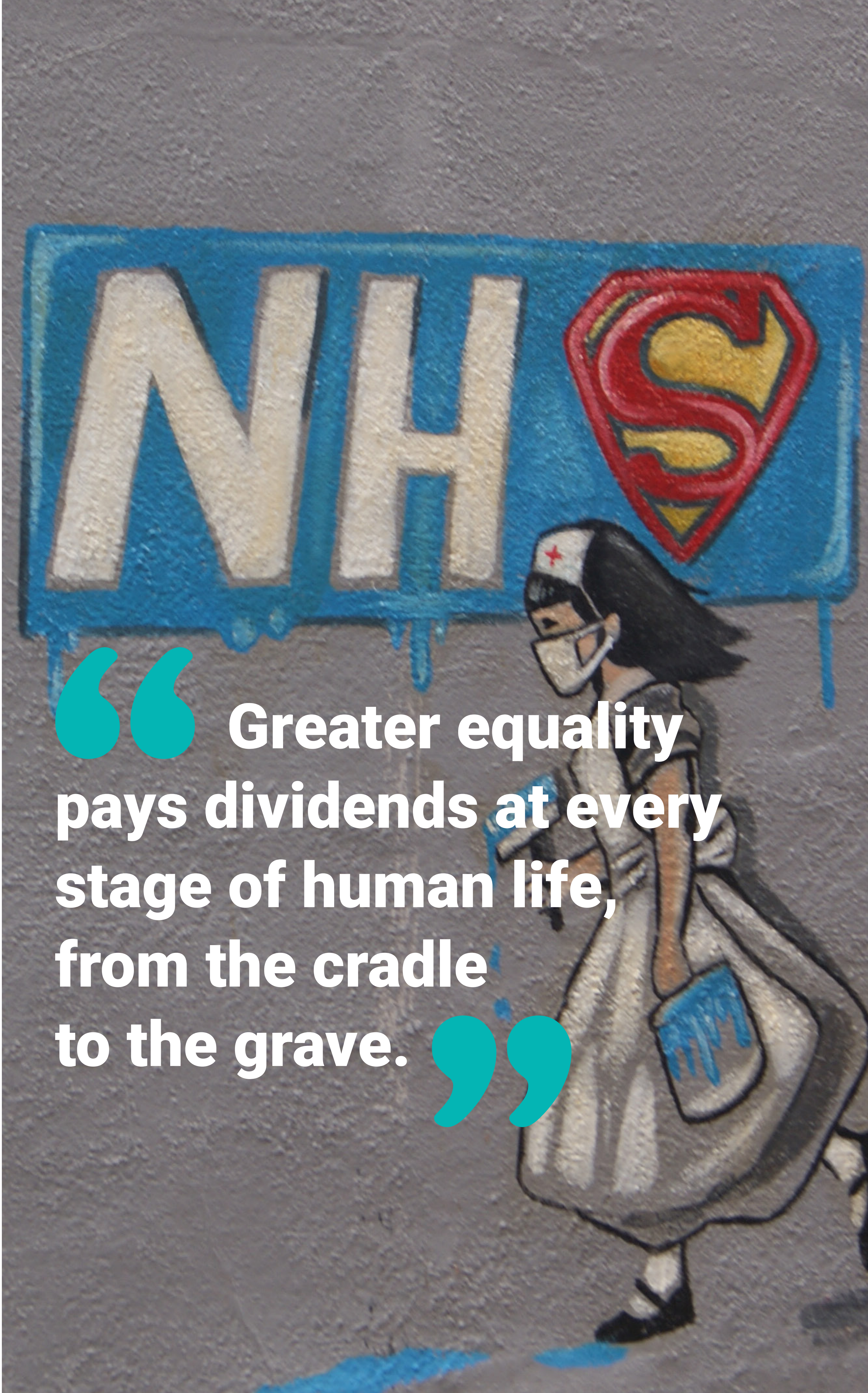
In the United States, there is such a history of the establishment of black banks from the 1880s, many started by black churches in the face of Jim Crow barriers to credit. However, the UK does not have such a history, and likewise there has been less reliance on community 'pardners' and other self-reliance systems of retaining the 'black pound' within communities. US black banks, college education funds, etc., are based on the principle of 'black capitalism', making it easier for some to succeed or for social mobility to be more equitable. Yet the failure of this approach is to ignore the many who are left behind and held back by systemic barriers that condemn those communities disproportionately to poverty.

We need to extend asset ownership to all working people, with an emphasis on excluded communities, much as Margaret Thatcher did with middle-earners, and expand access to credit for all to overcome extractive rentierism.[35] Achieving equality also demands that the state does not only put in place measures to enforce equal outcomes, but that they direct investment and capital towards those goals, to shift the balance of power towards oppressed communities to take control of their communities, their workplaces, and their lives; it allows people to come together to build a better world.

Conclusion

Any genuine attempts to 'level up' the UK for the whole nation will need to pay close attention to ethnic inequalities if it is to be effective. Black, Asian, and minority ethnic communities often face multiple inequalities at once, and so, a combination of both universal and targeted policies will be needed. We need a Race Equality Act to underpin a state commitment to work towards eliminating racial disparities in the public and private sectors with policies and resources to match the scale of the challenge. Besides, as local authorities develop policies tackle geographic inequalities; they must also consider the specific nature of inequalities in their area. This is relevant for all areas regardless of the size of their minority ethnic communities. Specific measures should also be taken to nurture the BAME supporting voluntary sector, and this must include capacity building as well as project funding. Alongside tackling racial, economic inequality, negative narratives about migrants need to be challenged, and our immigration policies need to be detoxified, and a new narrative around the multi-ethnic working class and common barriers developed. Last but by no means least, when tackling racial inequality we must consider global inequalities and the role Britain plays in exploiting the global South for its resources and people.

Maurice Mcleod is Chief Executive of ROTA (Race on the Agenda). Additional contributions from Lester Holloway, CLASS.



"Greater equality pays dividends at every stage of human life, from the cradle to the grave."

Chapter 6

The road to health equality

Kailash Chand

Introduction

If life were a race, talk of 'levelling up' the playing field so that all can finish would require genuine reflection on who has a head start; who starts at the back, and what are the obstacles that make completing the race so much harder for some. Or in the case of ill-health, who does not get to finish the race at all. Care must be taken to understand how different kinds of inequalities - between race, gender, class, place - interact and interlink in order to tackle it. Hence, through an intersectional lens, this essay will examine the government's attitude to health inequality, and inequality more generally, before discussing what health inequality looks like in the UK today, and the impact of Covid-19, and the causes of such disparities. Finally, this paper will detail what the government must propose if they are serious about their 'levelling up' agenda.

The government's response to health inequalities

The Covid-19 health crisis and ensuing recession and rising unemployment have and will continue to worsen the disparities between BAME communities and their white counterparts, men and women, the more and the less educated, the young and older, and between ordinary working people and the wealthy. The pandemic is revealing and exaggerating the longstanding and intricately linked inequalities in health and wealth and has brought to the attention of the wider public how these disparities have always intersected with race. Sickness and death do not come equally to all, especially not Covid-19 deaths. What has previously been ignored must finally be acknowledged: racial inequality is a determinant of health. BAME people are more likely to be key workers, doing public-facing, or low paid precarious work, increasing their exposure to the virus.

Following the issues of structural racism brought to the attention by the Black Lives Matter movement, the Prime Minister, Boris Johnson has announced yet another inequalities review.[1] Writing in the Daily Telegraph, Johnson said the Commission on Race and Ethnic Disparities would look at 'all aspects of inequality – in employment, in health outcomes, in academic and all other walks of life.'[2] Johnson told broadcasters that, 'what I really want to do as Prime Minister, is change the narrative, so we stop the sense of victimisation and discrimination. We stamp out racism, and we start to have a real sense of expectation of success.'

Johnson is not the first politician to make such announcements, and he won't be the last, but rarely do they follow it up with concrete action. Frankly speaking, we do not need another review or Commission. We have countless reports. What we need are action and implementation. To name just a few: we have 35 specific recommendations in the Lammy review, which looked into discrimination within our policing and criminal justice systems.[3] Implement them. There are 110 recommendations in the Angiolini review into deaths in police custody. Implement them. Thirty recommendations in the Home Office review into the Windrush scandal. Implement them. 26 recommendations in Baroness McGregor-Smith's review into workplace discrimination.[4] Implement them. We have the policies in Roger Kline's report, which looked into the 'snowy white peaks' of governance and leadership of the NHS and how this impacts patient care.[5] Implement them. We have Sir Michael Marmott's report and action plan, a landmark study of health inequalities, that found that health inequalities are widening, and life expectancy is stalling.[6] The report was published a decade ago when the Tories first came into power. Implement them. The Wendy Williams Windrush Review (immigration);[7] the Timpson Review (school exclusions);[8] the Parker Review (FTSE100 boards)[9] - implement them all. That is what the Prime Minister must do.

This Commission will waste precious time that we do not have. Six months since the first outbreak and the UK is in much the same position. The second wave of Covid-19 infections will again disproportionately impact both the health and finances of the multi-ethnic working-class communities. The prime minister says he wants to 'level up' the country, which includes health, but nothing in his government's policies nor rhetoric suggests an acceptance that ill-health is directly related to inequality, viz a vis, levels of poverty.[10] It is also unlikely, given past utterances and multiple U-turns, that Johnson recognises the need for early intervention for significant impacts in regards to health outcomes, rather than short-term reactionary policy. Moreover, as an MP and cabinet minister, Johnson supported the cuts that withered the state so much that every child could not possibly have the opportunity to flourish and succeed in life.[11]

What do health inequalities look like in the UK today?

Most of my working life in the NHS has focused on exposing and tackling inequalities in health – understanding how the circumstances in which people are born, grow, live, work, and age impacts one's health. There is no doubt that the NHS has been chronically underfunded, and the privatisation of services has only been detrimental to our communities. Nevertheless, the uncomfortable truth is that structural inequalities follow individuals from the womb to the tomb. It is the circumstances of one's life, the poverty, stress and insecurity that a person experiences, which contributes to health inequalities, rather than defects in our healthcare system. Of course, statin deficiency leads to heart disease and a lack of hypotensive agents leads to a stroke, but the reason this is more likely to occur to some, and not others have everything to do with the underlying factors determined by the social and economic arrangements of society. As such, areas with a high burden of disease, deprived areas, places with lower productivity and higher unemployment overlap.[12] Hence, the most powerful positive policies for health outcomes is an investment in social housing, social security, early years centres, youth services and good quality work.[13]

The pandemic has shone a stark light on the overlapping inequalities and how it affects one's health. Death has not come equally to all, especially not Covid-19 deaths. Covid-19 infections and death are structured by sex, age, race and ethnicity, education, the level of deprivation and geography. Pre-existing inequalities shape who dies and who lives, just as the pandemic itself creates new disparities. Although the virus may have infected both Prince Charles and Boris Johnson, demonstrating that no one is immune, the ONS study found that those infected in the most deprived communities in inner cities were much more likely to die.[14] Some of the poorest parts of London, where population density is high, housing quality is abysmal, were hardest hit. Coronavirus killed 86 people per 100,000 in the capital, compared with an average of 36 people across the whole of England and Wales, according to the ONS. This is not just a fact of coronavirus, the truth is, if one is living in poverty, they are more likely to get ill quicker and die sooner.

Our health is determined by a complex mix of factors including income, housing and employment, lifestyles and access to health care and other services. Sir Michael Marmot's report clearly shows that inequalities have worsened in the last ten years, especially for women.[15] There has been a noticeable decrease in the proportion of our lives that we can expect to live in good health.[16] The social gradient has become steeper over the last decade, and it is women in the most deprived 10% of areas for whom life expectancy fell from 2010-12 and 2016-18. In 2016-18, life expectancy in the least and most deprived areas differed by 9.5 years for men and 7.7 years for women in 2016-18, rising from 9.1 and 6.8 respectively in 2010-12. The leading cause of death for women is dementia and Alzheimer's disease, responsible for 15.8% of deaths, with heart disease second at 8.3%. Experts say lives are lost to preventable and treatable diseases as a result of rising poverty.

Place also matters. Not only has the health gap grown between wealthy and deprived areas, but it has also grown between deprived areas.[17] Public Health England (PHE) recently mapped mortality rates across the country so that local people and councils can see where they rank for premature deaths from the four leading killers: cancer, lung disease, liver disease, and heart disease and stroke.[18] The figures show that people living in the worst economic performing area, are more than twice as likely as people in prosperous areas, to die before the age of 75. Living in a deprived area of the North East is worse for one's health than living in a similarly deprived area in London, to the extent that life expectancy is nearly five years less. This can, in part, be explained by the public funding cuts of the last decade, which has had the most impact on the most deprived communities outside of London and the South-East. Public sector spending on services went from 42% of GDP in 2009-10 to 35% in 2018-19. Some of the most deprived 20% of authorities, such as Liverpool, suffered the most significant funding cuts.[19]

In the face of a worsening demographic picture nationally, local authorities have now been asked by this government to find additional in-year savings of millions. The King's Fund described this as 'the falsest of false economies'– a judgement it seems difficult to disagree with. Besides, there will be considerable pressure on the public health function in England in the coming months and years to deliver short-term savings. Perhaps the most significant impediment faced would be the reduction of funding from the social care budget, causing the passage of older patients through the system to grind to a halt.

What 'Levelling Up' means for health in the UK?

Politicians and policymakers openly recognise the relationship between the state of the economy, lifestyle and poor health. In his first speech as health secretary, Matt Hancock said everyone has a part to play in preventing ill health, 'from the education we receive to the home we live in to, to the job we do… all of this shapes our physical and mental health.'[20] But what has he done to walk the talk? Surely, there can be no greater social injustice than people dying sooner due to poverty. Professor Marmot's devastating report shows that after ten years of grinding austerity, health inequalities are actually widening. There is more to inequality than just income. But, as the Nobel prize winner, Amartya Sen has long argued,[21] and as I have discussed in this essay, income inequalities affect the lives people can have, which determines one's health. To lead a flourishing life, people need a fair society. This is the premise from which we derive the policies required to 'level up'.

First of all, the plethora of reviews and reports tell us the solutions are there, but what is missing is the political will to implement. Time for action to implement a package of policies during the term of this parliament, which will lay the foundations for real improvement over the long-term. Boris Johnson's massive majority in 2019 election was because of support from 'red wall' areas that are at the sharp end of rising health inequalities; he now has a real opportunity to show leadership on improving health. 'Levelling up' will require the government to go further than investment in infrastructure – building bridges, train lines and new hospitals. It must invest in the circumstances in which people live that have powerful impacts on their health and wellbeing – such as poverty, employment, housing and education.

If Boris Johnson wants to 'level up,' invariably the place to start is to reverse the swathe of public health cuts to council budgets and substantially increase primary care funding. Although it is difficult to accurately quantify spending on community health services because of gaps and inconsistencies in national data, most estimates suggest that around £10 billion of the NHS budget is spent on community services each year, this would need doubling in next five years to adequately fund essential services such as Adult Social Care Sure Start.[22]

Furthermore, to genuinely level up, the Prime Minister needs to take action to implement the six recommendations Sir Michael Marmot highlighted in his report published in February, 'Fair Society Healthy Lives'.[23]

1. **Give every child the best start in life.** Time and time again, Conservative governments have put the state at the service of the wealthy rather than the poor: more than 4 million children now live in poverty. What happens in pregnancy and early childhood impacts on physical and emotional health through to adulthood. Even the All Party Parliamentary Group for Conception to Age Two says that tackling problems associated with early life should be no less a priority for politicians and health and social care professionals than national defence. This means eradicating child poverty, through a robust social security system, and reversing the Torie's closure of Sure Start and Early Years Centres. It is worth noting that disadvantaged children who were the first to use Labour's flagship Sure Start scheme were less likely to be overweight by the time they were five, were in better health and had less chaotic home lives.

2. **Enable all children, young people and adults to maximise their capabilities and have control over their lives.** The graded relationship between socioeconomic position and the educational outcome has significant implications for subsequent employment, income, living standards, behaviours, and mental and physical health. If we are serious about reducing both social and health inequalities, we must maintain the focus on improving educational outcomes across the gradient.

3. **Create fair employment and good work for all.** Being in good employment is protective of health; conversely, unemployment contributes to poor health. In the short term, it is essential to raise the minimum wage to a Real Living Wage for 18+ and lift the public sector pay cap, to set a wage standard across the labour market. Further, Rishi Sunak must limit the severity of employment disruptions now, which is known to have long term consequences to income levels and ill-health. To continue the furlough scheme, while the health crisis continues, to ensure people's jobs and livelihoods. Furthermore, moving towards a four-day working week (without reducing pay) would reduce stress, give people back time to shop and cook healthy meals, sleep sufficiently, exercise regularly, dedicate to caring responsibilities and spend more time with their friends and families. Further, investment into tackling climate change and transitioning to a green economy and fully funding our health and social care services would create much needed secure, well paid, unionised jobs.

4. **Ensure a healthy standard of living for all.** Having insufficient money to lead a healthy life is a highly significant cause of health inequalities, not only does the minimum wage needs to reflect that, but social security needs to be raised to match the Real Living Wage, to eradicate poverty. Furthermore, public health grants to local authorities to be explicitly targeted for low-income families.

5. **Create and develop healthy and sustainable places and communities.** It is vital to build social capital at a local level to ensure that policies are both owned by those most affected and are shaped by their experiences.

6. **Strengthen the role and impact of ill-health prevention.** Our NHS needs a new model of healthcare – one which aims to prevent ill-health early instead of playing 'catch-up'. It needs proper

transparency and accountability. If politicians are to remain involved at the heart of the NHS, then it should be to ensure it gets the funding it needs, not to ready it for an insurance-based system.

Following from the final point, it is essential to note that the NHS was created at a time when the vast majority of people were left to die or live with a health issue, and so health services were built around treatment rather than prevention. This has never been corrected, and we see the ramifications of this today. Successive politicians have lost sight of the path to securing an affordable NHS, which is to tackle the root causes of ill health to prevent sickness rather than only treating the symptoms. Today, soaring levels of obesity and type 2 diabetes have strained the treatment model to breaking point. Moreover, too much unnecessary surgery and prescriptions of statins and antidepressants place avoidable strain on the service. Quick fixes are continually prioritised over the promotion of light exercise or a clampdown on junk food corporations. Poverty, lack of resources to one's disposal, poor town planning, weak infrastructure and poor-quality housing with precarious stressful employment fuel health problems that ultimately cost the NHS billions that it does not have.

Conclusion

Concluding remarks:
Even in the midst of multiple crises, NHS England should not lose focus on the long term and potentially genuinely transformative interventions, directed for example towards changing unhealthy behaviours and addressing the social determinants of health. After all, healthy lifestyle principles are far more powerful than anything a doctor could do for their patients. However, this requires holistic policies which work to improve people's quality of life. A failure to act early comes at significant cost, not

only to individuals but to society as a whole. By spending more money on public health and social care for prevention, incrementally less will be spent on the NHS to treat the illnesses. Because by directing the funds to public health and social care, we will eventually see less demand and fewer issues in the NHS. A heart attack can cost £20,000 to treat. If it can be prevented, that has enormous cost implications for the NHS as well as for the well-being of the patient. I would estimate that something like 50% to 70% of my patients' medical costs would not just be reduced but eliminated if they were enabled to have healthier diets, lifestyles and they were able to exercise more.

Ultimately, just like any other part of the planet, patients in this country hope for a health and social care system with the energy, passion and resources to bring about the kind of radical strategic change the UK needs to become a healthier and fairer society – which is how the World Health Organisation defines a healthy country. The task of levelling up, understood as raising the bottom, is a noble plan, after all in the world's more equal countries, more infants survive, and people are generally healthier and happier. Greater equality pays dividends at every stage of human life, from the cradle to the grave.

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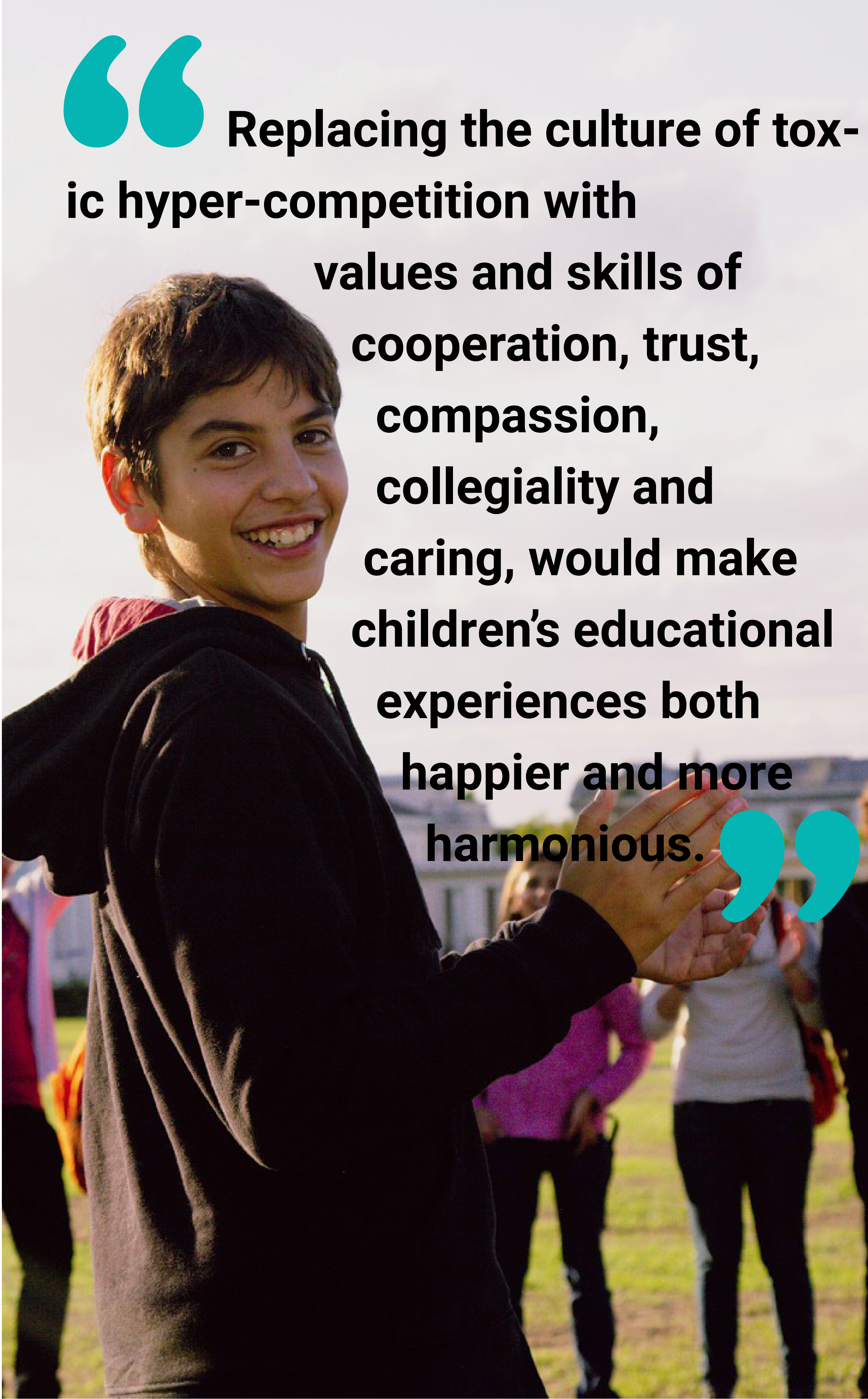

“Replacing the culture of toxic hyper-competition with values and skills of cooperation, trust, compassion, collegiality and caring, would make children’s educational experiences both happier and more harmonious.”

Chapter 7

The mantra of 'levelling up' in education has become a smokescreen for 'levelling down' the working classes

Diane Reay

Introduction

Whilst the government's 'level up' agenda is strong on rhetoric; it looks like a modest twist on existing policies rather than anything notably new, concluded Tomaney and Pike (2020).[1] Even those on the right have questioned whether 'levelling up' is the right approach. Writing for the Social Market Foundation, Tim Pitt argues that talk of 'levelling up' avoids difficult questions around whether the levels of wealth and income accruing to the richest in society is problematic.[2] For Boris Johnson, it is clear the only way is up. This view is evident in the PM's June 2020 speech that 'levelling up' does not imply any 'levelling down' of the rich and powerful. Johnson's assertions are based on the enduring fallacy that everyone can have the opportunity to be wealthy and successful, and that there is indefinite space at the top of society for everyone prepared to make enough effort to get there. This is the fairy tale of meritocracy in British society, and such assertions ignore several brutal truths when it comes to the British education system.[3]

The first truth is the importance of hierarchy and distinction for those in the upper echelons of society. Upper and middle-class sense of identity is closely related to the idea of being the 'best', and getting the highest grades.[4] Such that, if the working classes were given the opportunity to catch up, then the upper and middle classes would do all within their power to differentiate themselves as at the top of the ladder.

Secondly, the assumption of a meritocratic system ignores the distinct lack of enabling resources for a decent education for those at the bottom of society. High-income levels and wealth buy not only intensive teacher attention, but also private tuition, and an endless array of enrichment activities to cultivate cultural and social capital, which is just as necessary as economic capital to get ahead. This manifests in the middle and upper classes as a sense of confidence, entitlement and useful social networks concerning education that the working classes are not in a position to acquire. 'Levelling up' requires addressing both the protection of their distinction by the middle and upper classes and the working class's lack of economic, cultural and social capital.

Since Brexit, regional inequalities have become the 'go-to' indicators of inequalities in UK society; much of the political rhetoric around 'levelling up' focus on those 'left behind' areas which often deploys the crude North-South binary. A binary which conveniently overlooks a more complex geographical demographic. A more nuanced picture reveals Hastings in the South-East has a higher percentage of those 'left behind' than Harrogate in the North West. Of the ten local districts with the highest percentage of Free School Meal (FSM) students, three are in London. Moreover, the area in the country with the highest concentration of FSM pupils - a third of the total - is Tower Hamlets in East London.

In his June speech, Johnson pitched London as the wealth success story of the UK. However, inequality is far higher within London than in any other part of the UK, with London over-represented at both the bottom and the top of the nation income distribution. 28% of Londoners live in poverty, compared with 22% across the UK as a whole.[5] London has many affluent areas represented in the 224 schools in the city, with an average of 3% FSM pupils. Nevertheless, the North West, stereotyped as a left behind region, has even more pockets of affluence with over 400 schools where on average only 3% of pupils are on FSMs.[6] Rather than being rooted in reality, 'the left behind' rhetoric underpinning the 'level up' agenda is primarily a political ploy to set one part of British society against another. There are 'left behind' schools in Britain, but they are in the South as well as the North, in our rural areas and small towns as well as our cities.

When it comes to the educational gap between London and the rest of the country, the 'levelling up' mantra neglects the impact of both ethnicity and the surrounding vibrant economic circumstances in the city. Where London is in some respects a success story is concerning the 45% of FSM students who go on to higher education by the age of 19, twice as many as the rest of the country except for the West Midlands and the North West. This is, in part, because different groups within the working class have different relationships to the UK educational system. While the white working classes, often bring a collective memory of educational subordination and marginalisation to schooling, some BAME groups bring family histories of educational achievement in their countries of origin. However, migration has often brought economic impoverishment and downward mobility. Others, despite a lack of educational credentials, bring a strong conviction that a fresh start in a new educational system will provide crucial opportunities for educational advancement that were denied to their parents. However, other BAME groups, such as Black Caribbean pupils, have, like their white working-class peers, learnt to live with educational failure compounded, in their case, by racism. Also, unlike their contemporaries in much of the rest of the country, young people in London can see myriad economic opportunities all around them. These differences add up to very different educational outcomes and drive London's much better educational performance compared to the rest of the country.

How Levelling up becomes a form of levelling down

In the British education system, there is an on-going process of levelling - the 'levelling down' of the working classes.[7] This is most evident in state schools in disadvantaged areas which are the most under-resourced; the most likely to have buckets collecting water from unrepaired roofs, to have food banks operating in their school halls, to have the narrowest curriculum, an impoverished pedagogy, the strongest focus on discipline, and the least SEND resources. Working class schools, in particular, suffer from dilapidated buildings, lack of resources, rapid staff turnover, inexperienced teachers, and an overreliance on standardised tests and basic skills. Instead of compensating for the poverty of the children attending their schools, the norm is now for the schools themselves to be impoverished in terms of infrastructure, resources and curriculum. Despite the often-heroic efforts of staff, these schools are increasingly reflecting the poverty of their locality rather than being enabled to redress it, thereby compounding social and educational inequalities.

Furthermore, the link between funding and disadvantage is being weakened by a system which directs additional funding to more affluent schools with historically lower levels of funding. Behind the government's talk of 'level-up' funding for 2020 to 2022 is a redirection of funding towards those schools that had previously been funded at a lower rate because of their more privileged intakes, i.e. including fewer FSM, EAL and SEND pupils.[8] Hence, the so-called 'level up' funding is in effect 'levelling down' resources directed at the working classes and the schools they attend.[9] The Education Policy Institute (EPI) found while FSM children received an allocation of 240 pounds more than non-FSM children, over the next year they will see increases of 0.6% compared to increase of 1.1 % for non-FSM pupils.[10] Over the last three years, FSM pupils have received increases of just two-thirds the rate of non-FSM pupils.[11] The EPI concluded that efforts to 'level up' school funding in England would benefit better-off students more than their poorer peers.

The Covid-19 pandemic resulted in the school lockdown, characterised by online lessons and zoom conferencing, which caused further 'levelling down' of working class children. This shift to remote learning during the lockdown period of March to June 2020 made the implications of children and young people's unequal access to IT equipment and connectivity uncomfortably stark. When education went online, it was the poorest, who were disproportionately from BAME backgrounds, who were the most adversely affected.[12] For many on low incomes, internet connection is slow, unreliable and only available on phone screens. This was the case in the UK as it was across the rest of the globe. In 2017, only 47% of low income British households had home broadband, and low income BAME households had lower access than their white counterparts.[13] Analysis of 2018 PISA data found that while more than 70% of advantaged UK secondary school students had access to online learning platforms, only 40% of their disadvantaged peers had the same access.[14] Even in normal times, this adds up to a glaring inequality divide, but in the time of Covid-19 with most children being home-schooled there was a growing clamour of concern that such a 'digital divide' severely harms poor pupils' education, and widens the social class attainment gap.[15]

One way the country should - and still could - have 'levelled up' digital inequalities would have been to provide free universal broadband. The Labour Party Manifesto pledged to provide universal broadband free to all was the most derided of all its policies. Yet, it has now shown to be critical to giving the least advantaged children half a chance of keeping up with their more privileged peers. Furthermore, government action to redress digital inequalities during the pandemic turned out to be distressingly inadequate with less than half of the children eligible for pupil premium in schools being allocated laptops under the Government scheme. The majority of eligible pupils still had not received laptops two months into the school lockdown.[16] By June, most schools had not received a single laptop for disadvantaged year ten pupils.[17] Contrary to the rhetoric of 'levelling up', Covid-19 has not been an equaliser. Instead, its impact has been to increase and solidify already existing educational inequalities. Recent research from NFER has revealed stark disparities in learning loss the school lockdown between the least and most deprived schools.[18]

Learning loss in the least and most deprived schools

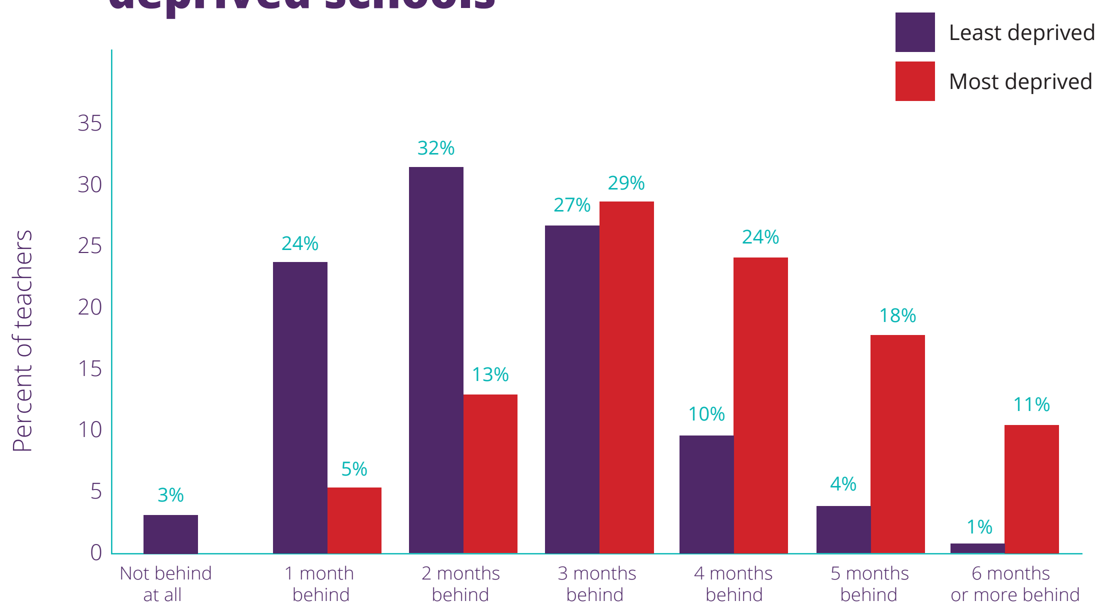

Figure 1.

Source: NFER survey of 1,782 classroom teachers: 1,408 teachers gave at least one response

Over half of teachers, in the most deprived schools, reported that their pupils were four months or more behind academically, compared with only 15 per cent of teachers, in the least deprived schools.

Then there has been the government's rescue package for 'left-behind' children for the 2020/21 school year. Rather than invest in state education by funding extra teachers and teaching assistants in working class schools to provide more learning support for those most in need, a majority of the money is going to the totally unregulated £2 billion private tutor industry.[19] The government has decided to use over half of the allocated money to commission private tutor agencies to deliver individual and small-group tuition. The remaining money going directly to schools is woefully inadequate, representing £80 pounds per student with no specification to be targeted at the most disadvantaged. It equates to just over 1% extra in spending per pupil in 2020 and would still leave spending per pupil more than 3% below its level in 2010 in real terms. The initiative may be a failure in terms of 'levelling up,' but it is a successful venture in terms of further privatising our state educational system.

A further example of 'levelling down' has been the A-level debacle in August 2020, which resulted in a government attempt to 'level down' grades for working-class students not once but twice. The English government had intended to use an algorithm that moderated down the grades predicted by teachers for 39% of A levels. The Sutton Trust had already warned that these predictions were much more likely to be underestimated for working-class students than for their middle class peers.[22] A public outcry forced the government to U-turn, but if it had been enforced the results would have resulted in private schools students achieving more than double the increase in the proportion of As and A*s obtained by comprehensive state students and 15 times the increase in top grades gained by students in state sixth forms and further education colleges. Meanwhile, the algorithm would have led to a near-five percentage point increase in the percentage of entries from private schools graded at A or A*, state sixth form and further education colleges would have seen their A and A* grades barely rise — up only 0.3 per cent.

Public outrage at the prospect of grade inflation for the already privileged and little or nothing for the rest compelled the government to back down and revert to teacher assessments. However, while 75% of teacher predictions are over-estimates, research shows that teacher assessments still disadvantage high achieving working class students. High achieving (AAB or more) disadvantaged students are more likely to be under-predicted than their more advantaged counterparts. Research shows that almost 1,000 disadvantaged, high-achieving students a year have their grades under-predicted.[23] Teacher assessments may be far better than the now withdrawn algorithm, but they still constitute a form of 'levelling down' for many high attaining working class students.[24]

Lastly, it is wider processes of 'levelling down' in the form of growing child poverty that is inflicting the most enduring damage on working class children and young people. Of the 24 European countries surveyed by Pisa between 2015 and 2018, the UK had the largest growth in child poverty of 4%; this is at a time when poverty was falling across Europe on average by 2%.[25]

Changes in life satisfaction and child poverty, 2015-2018

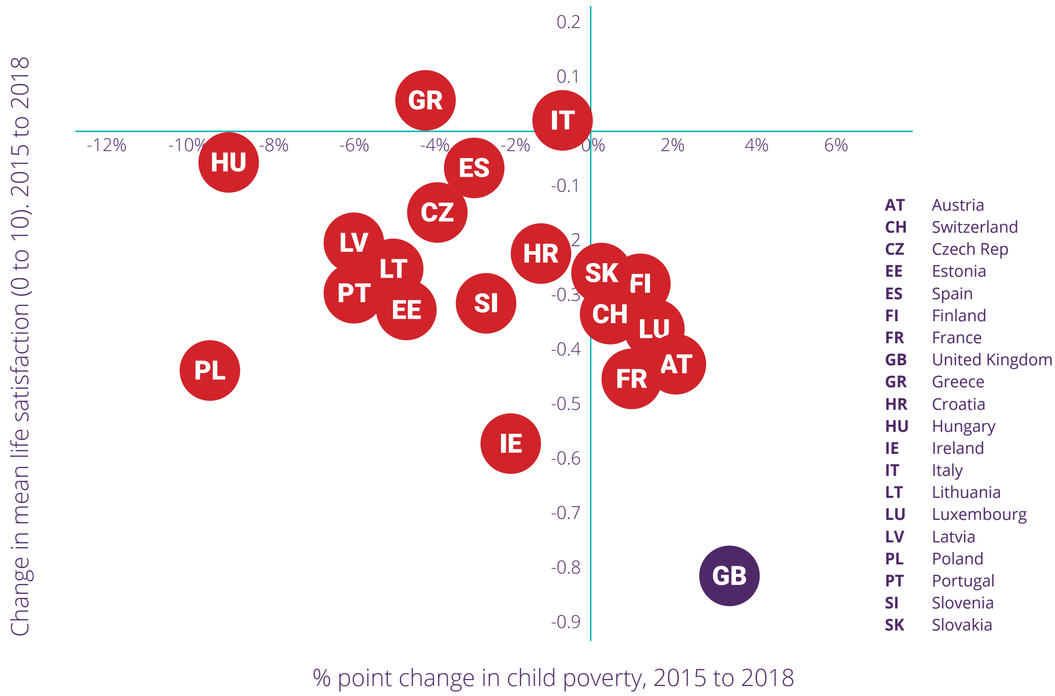

Figure 2.

Despite all the rhetoric, there has been a concerted 'levelling down' of the working classes both in education and beyond, and Covid-19 has exacerbated this. The table above vividly illustrates the 'levelling down' of children's life satisfaction in the UK and its correlations to growing child poverty. The latest research from the Children's Society (2020b) shows that it is children living in poverty who are the most worried about coronavirus, further impacting on their already lower levels of well-being relative to their more affluent peers.

What Levelling up would entail for education?

Despite the rhetoric, the depressing irony is that in twenty-first century Britain, there is more room at the bottom of society rather than at the top. Britain is not producing enough graduate jobs for all the graduates its universities are churning out. Instead, the real growth in jobs has been in traditional low skilled, often low paid jobs. Perhaps it is an opportune time to adopt RH Tawney's understanding of how to build a just society. He argued:

> **Social well-being depends upon cohesion and solidarity. It implies the existence, not merely of opportunities to ascend, but of a high level of general culture, and a strong sense of common interests, and a diffusion throughout society of a conviction that civilisation is not the business of an elite alone, but a common enterprise which is the concern of all. And individual happiness does not only require that men (sic) should be free to rise to new positions of comfort and distinction; it also requires that they should be able to lead a life of dignity and culture, whether they rise or not. (Tawney 1964: 108).**

As Tawney highlights, British education needs greater fairness and equality rather than 'levelling up'. This would involve narrowing the gaps between rich and poor, both between and within geographical regions. A better, and less slippery, language than that of 'levelling up' would speak of two things: firstly, eradicating poverty across Britain, and secondly, the removal of all forms of special privilege in education. The former requires combining policies to make our education system fairer with progressive changes to our economy. As well as a socially just, redistributive tax system, we need regional regeneration of disadvantaged areas across all regions of the country. Implementing the Real Living Wage across all sectors of the economy should be matched by a level of Universal Credit that works as a real safeguard against poverty alongside adequate funding to local government and other support services for children and families. The latter would entail the abolition of private schools but also the elitism that pervades the state sector and the elimination of practices of getting the best for one's child if it is at the expense of other people's children. In particular, the policy of parental choice of schools which currently encourages middle class parents to seek out class segregated schooling would need to be replaced by a system that both allocates school places fairly and ensure schools are socially mixed.

Early years education has been neglected for over a decade and is largely viewed instrumentally by the government as a means of enabling people to access work. The UK spends 0.1% of GDP on early childhood education and care compared with an OECD average of 0.7% (Hansard 2020). The consequence is a fragmented system of small-scale private providers that results in a postcode lottery in terms of availability and quality, and it is poorer parents who experience the worst provision. We should be demanding high-quality nursery provision by highly trained nursery practioners instead of the low standard warehousing of children by low paid workers so that parents can work.

There needs to be a whole raft of policies to deal with the present crisis and address the consequences of austerity. Restoring funding to at least 2010 levels across the UK, plus instituting an equity principle of earmarking funding for the most deprived schools to receive funding first, would be the bare minimum necessary. However, any serious attempts to 'level up' would also provide free Broadband for poorer students, ensure every child had a laptop of their own, as well as providing all year free school meals.

But many things would also need to change in classrooms. Crucially, the implementation of a broad and balanced curriculum that integrated the vocational with the academic from nursery onwards, which would enable far more children across differences of social class to experience educational success. Also, a curriculum that included learning about democracy, equality, environmental, social and political awareness for children from the age of 3 and 4 would ensure that critical thinking skills were at the core of children's learning in place of the current remorseless focus on repetition, memorisation and routine learning.[26] Further, replacing the culture of toxic hyper-competition with values and skills of cooperation, trust, compassion, collegiality and caring, would make children's educational experiences both happier and more harmonious. This would necessitate getting rid of SATS, league tables, setting, and Ofsted. Research shows that all children benefit, but working-class children benefit the most when the ethos of the classroom is underpinned by collaboration, not competition.

The preoccupation with 'levelling up' focuses attention on how the bottom of British society might become more like the top, but a more productive dialogue would be about how to make the bottom a good, secure and valued place to be. Even better would be a focus on reducing hierarchy, and the social distance between different class groupings in British society, to the point where notions of top and bottom do not make sense anymore because we all feel we are in the middle. That would be a levelling worth having.

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“The possibilities are only constrained by the ideology of the government of the day and its desire to rebuild society.”

Chapter 8

Financing the New Economy and Society

Prem Sikka

Introduction: An Unequal Britain

As the previous chapters have discussed, even before the Covid-19 pandemic, the UK had high levels of inequalities. Out of a population of around 68 million, some 14 million live in poverty, including four million children and two million retirees.[1] Some 12.8 million households have savings of £1,500 or less, and the household debt is around £1,680bn.[2] Foodbanks and charity shops selling second-hand clothes dominate city centres. Nearly three million Brits are malnourished and 1.3 million of these are over the age of 65. At around 29% of average earnings, the UK state pension is the lowest amongst industrialised nations.

In 1976, workers' share of the gross domestic product stood at 65.1%.[3] By the end of 2019, under the onslaught of anti-trade union laws, erosion of collective bargaining and zero hour contracts, it declined to 49.7%.[4] After adjusting for inflation, the earnings in real terms were £502 per week in October 2019, compared to £525 in February 2008 - a 4.3% reduction in real terms. 42% of UK adults have annual income of less than £12,500. In 2018, 4.7 million employees were in low pay.

The poorest fifth of society has only 8% of the total income, whereas the top fifth has 40%.[5] The national share of income of the richest 1% of households has tripled over the last four decades from 3% in the late 1970s to around 8%.[6] Around 10% of households hold 44% of all wealth, whilst the poorest 50% own just 9% and the top 0.1% hold 9%.[7]

The effects of the socioeconomic policies are uneven across the UK. The richest parts located in London and South East of England are up to 30 times richer than the poorest.[8] The number of UK regions with gross domestic product (GDP) per capita below 75% of the EU average increased from three in 2008 to seven in 2017. The seven regions – Southern Scotland; West Wales and the Valleys; Cornwall and the Isles of Scilly; Lincolnshire; Tees Valley and Durham; South Yorkshire; and Outer London – East and North East – are all poorer than anywhere else in North West Europe.[9]

The average life expectancy of a newborn baby boy and girl is around 79.2 years and 82.9 years respectively. Men living in Blackpool, with one of the lowest amounts of disposable income, have an average life expectancy of 75 years compared to 83 years for those in the City of London. A girl born in affluent Buckinghamshire can expect to live for 87 years compared to 80 years in low income Middlesbrough. The healthy life expectancy is a good 15-20 years less than the average life expectancy.

The Covid-19 pandemic has added new urgency. During the first six months of the pandemic, foodbanks have hand out nearly 1.2m meals to hungry Britons.[10] Thousands of businesses have closed, jobs have been lost and many will never return. This requires bold economic action to restructure the economy, launch new industries, reskill and train the work force and redistribute income and wealth so that people have good purchasing power to build a sustainable economy.

Building a New Society

Almost 250 years ago, the moral philosopher Adam Smith said: "No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable". This requires interventions from the state. The post-Second World War economy was built with active investment by the state in healthcare, education, biotechnology, information technology, telecommunications, steel, shipping, railways, airlines and much more – especially as the private sector showed little appetite for investing in emerging industries. The same is necessary again, and emerging industries ought to be located in hitherto disadvantaged regions. Any levelling up of the regions and the marginalised and excluded groups requires a restructuring of the economy and redistribution of income and wealth.

Inevitably, neoliberals will focus on how it will all be paid for. There are numerous policy options, and this section highlights some of these:

Modern Monetary Theory: The conventional economic wisdom is that government levies taxes and uses the revenues to finance public spending. In this logic if the revenues needed for financing regional or national renaissance are greater than the tax revenues, the government must borrow the difference and/or increase taxes. This wisdom is challenged by proponents of the Modern Monetary Theory (MMT) who argue that the government can spend whatever it wants, subject to the inflation constraint by essentially creating its own money.[11] MMT is worthy of further exploration, but is not currently embraced by any major political party.

Quantitative Easing: Since the 2007-08 financial crisis the state has used £895bn of quantitative easing (QE) to support corporations and financial markets by buying up corporate bonds, real estate and securities.[12] A people-centred QE can be used to finance new industries, purchase an equity stake in newer industries and fund their expansion. It can also be used to buy-up debts of the less well-off to give them a new start.

Ways and Means Facility: The government can fund regional or national investment through an overdraft from the Bank of England. It is officially known as the Ways and Means (W&M) facility and enables sterling cash advances from the Bank to the government.[13] Ordinarily, a standing balance of around £0.4bn is maintained to support Exchequer cash management, but during the 2008 crisis, the government used £19.9bn of the W&M facility. The government maintains that W&M is intended to be a temporary measure, nevertheless, it is a tool for the government to manage liquidity, cash flows and social investment.

Borrowing: Governments can always borrow money to finance economic regeneration and social cohesion. This is highly feasible, especially as the current bank rate is at a historically low rate of 0.1% and has been at 0.5% or less since March 2009. The rate is unlikely to rise significantly for the foreseeable future. Neoliberals will inevitably claim that the government debt of £2,059.7bn, at the end of September 2020, amounting to 103.5% of gross domestic product (GDP) is too high.[14] Such objections have little substance.

However in 1946, after the Second World War, the UK's public debt stood at over 270% of its GDP.[15] The government had borrowed extensively from the US and Canada for the war and the post-war reconstruction. The debt was brought down by expansionist policies that invested in industry and people, boosted employment and generated tax revenues. By 1976, it was reduced to 49% of GDP. The final and the 50th instalment of debt to allies was paid in 2006. It is hard to recall anyone panicking about government borrowing or it even being a topic of discussion by our parents and grandparents' generation. A government can repay the debt over several decades.

Clampdown on Tax Avoidance and Evasion: By its admission, HMRC failed to collect £31bn of tax revenues in 2019 due to avoidance, evasion, errors and other reasons.[16] Technically, this is known as "tax gap," i.e. the difference between taxes which are actually collected and what should be collected. For previous periods, HMRC estimates put the tax gap at around £34bn-£35bn a year. There is considerable disagreement about HMRC methodology, and other models estimate the tax gap to be between £58.6bn and £122bn a year.[17]

Even the above estimates are likely to understate the leakage of tax revenues as they do not take adequate account of the profits shifted by corporations from the UK to low/no tax jurisdictions through complex corporate structures and artificial transactions relating to interest payments on intragroup loans, royalty payments, management fees and other practices which are perfectly legal. Some examples would help to illustrate the issues.

From December 2006 to March 2017, Thames Water was owned by Macquarie Bank representing a consortium of institutional investors from China and Abu Dhabi. For 11 years Thames operated through a labyrinth of companies, with some linked to Caymans.[18] Thames shareholders averaged 15.5% to 19% a year.[19] For the period of its ownership Macquarie and its investors received £1.2 billion in dividends, but this was not the only return. Thames Water was loaded with intragroup debt through the Caymans and other entities. Its debt increased from about £2.4 billion to £10 billion, and interest payments swelled the charges to customers. For the period 2007 to 2015, Thames paid £3.186 billion in interest to other entities in the group alone. This would have been paid without deduction of any withholding tax and entities in the Caymans and other low/no tax jurisdictions would have received the amounts tax free. At the same time, Thames water would have been able to claim a tax deduction for the interest payments. Thames Water paid about £100,000 in corporation tax for the period 2007 to 2016.[20]

In 2005 the Arcadia Group (connected with BHS) managed by Sir Philip Green paid a dividend of £1.3 billion. Around £1.2 billion was paid, without any withholding tax, to its main shareholder Lady Green who is resident in Monaco. Monaco does not levy an income tax. Lady Green did not pay any income tax on her dividend even though the UK infrastructure had been used to generate it. If she had been resident in the UK, or the UK government levied a withholding tax equivalent to the basic rate of income tax, she would have paid around £300 million in income tax.

In 2001, BHS entered into a sale and leaseback agreement with another company under the control of Lady Green, who was also the majority shareholder in BHS. A number of BHS properties were sold for £105,875,000 to Jersey-based Carmen Properties Limited and then immediately leased back. Between 2001 and 2015, BHS paid rents totalling £157,398,000 to Carmen. In effect, one Green controlled company was paying rent to another company under the same control. Jersey does not levy corporation tax on foreign profits, and £157 million was passed to Monaco-resident Lady Green, without any tax charge anywhere. BHS would have been able to reduce its taxable profits by £157 million and lower its tax liabilities.

The full extent of the use of intragroup and related party transactions to avoid taxes is not known. The introduction of a withholding tax, i.e. deduct tax equivalent to the basic rate of income tax before payment is made, on the payment of dividends, interest and transactions with rogue tax havens would check the shifting of profits. There is enormous scope for a clampdown on tax avoidance. The very conservative estimates are that during the last decade, the UK failed to collect between £300bn and £1200bn of tax revenues. Even a fraction of these, if collected by resourcing HMRC, would make a significant difference and provide resources for levelling-up the neglected regions.

Tax Reliefs: In pursuit of assumed economic objectives, successive governments have given a large number of tax reliefs, allowances and exemptions to reduce tax liability of selected businesses and individuals. There are more than 1,128 tax reliefs.[21] The Public Accounts Committee (PAC) stated that that the full cost of tax reliefs that support government's economic and social objectives is not known and could exceed £159 billion a year.

The PAC states that:

> **...despite our repeated examination of this topic since 2013, HM Treasury and HM Revenue & Customs (HMRC) have made unacceptably slow progress in improving their management of tax reliefs. It is staggering that they still have insufficient understanding of the cost and value for money of tax reliefs, as well as who benefits from them. Tax reliefs need rigorous challenge, as costs can be much higher than expected and their benefits are not always evident" (p. 3).**

A former Head of HMRC urged the government to scrap the £2bn entrepreneurs' tax relief because it provided 'no incentive for real entrepreneurship.'[23] Almost three-quarters of the relief went to just 5,000 people. In the March 2020 budget, the government reduced the entrepreneurs' relief. However, a full review of all reliefs is long overdue and can generate billions for social development.

Pension Contributions tax relief: Tax relief on payments into private pension schemes is one of the many tax reliefs given by the government. In 2018-19, this amounted to £38bn, but is unfair and exacerbates inequalities. The tax relief depends on the marginal rate of income tax of the person making the contributions. In general, high earners get tax relief on pension contributions at the rate of 40% and 45%, compared to 20% for the basic rate income tax payers. In view of the skewed distribution of income, the top 10% of earners receive 50% of the tax relief on pension contributions. Around 1.75 million low paid and part-time workers earning less than the tax free personal allowance do not receive any benefit from the tax relief given on pension contributions even though they may be auto-enrolled to pension scheme through their employer.[24]

A more equitable approach would be to restrict the tax relief to 20% to all pension scheme contributors. This would also generate a surplus of £11bn a year which could be used for redistribution, public services or funding new industries.[25]

Reforming Capital Gains Tax: Currently, in England, income and capital gains are taxed at different taxes.

For the year 2020, a basic rate of income tax of 20% is levied on annual incomes between £12,501 and £50,000; 40% higher rate on incomes between £50,001- £150,000; and 50% on incomes over £150,000. At the same time the rates for capital gains tax (CGT) vary from 10% to 28%, depending on the taxable income of the taxpayer and the nature of the capital gain. The tax rate differentials have created opportunities to convert income to capitals gains, and even vice-versa, if the circumstances are considered to be advantageous. If wealthy individuals succeed, they can pay tax at 28% rather than at the marginal rate of 45%. In 2017-18, only 265,000 taxpayers paid £8.3bn in CGT on £58.9bn of taxable gains.[26]

The opportunities for tax avoidance can be curtailed by abolishing the distinction between capital gains and income. Capital gains are windfall gains and increase the purchasing power and potential consumption of the individual. There is no qualitative difference between the two. Capital gains should be added to the individual's total income for the year and taxed at the appropriate marginal rates to reduce opportunities for avoidance. This reform can raise around £14bn a year or £90bn over a five year period for redistribution and investment.[27]

Corporation Tax: Corporations have been major beneficiaries of tax cuts. In 1982, the standard rate of corporation tax was 52%. By 2010 it declined to 28% and is currently 19% of taxable profits. An increase in the rate of corporation tax to 26% - the 2011 level - could raise £24bn over five year.[28]

Financial Transactions Tax: A Stamp Duty Reserve Tax (SDRT) on the purchase of secondary shares has been levied since 1694. The current rate is 0.5% of the transaction.[29]

Countries as diverse as Hong Kong, India, Switzerland, Taiwan and others also levy a tax on transactions relating to varieties of bonds, options and futures. The UK also levies a small tax on transaction is options and future.[30]

The Labour Party's 2019 election manifesto sought to extend FTT to corporate bonds and equity and credit derivatives transactions, forex spot and derivatives trades, interest rate derivatives, and commodities spot and derivatives trades.[31] The tax rates were to vary but ranged from 0.01% to 0.12%, depending upon the nature of the transaction. Even at these modest rates, FTT was estimated to raise around £8.8bn over five years. There is a considerable scope to expand the base to cover all speculative transactions and the rate of FTT to raise higher revenues.

Wealth Tax: A wealth tax has long been talked about but has not been fully implemented. Some elements of it in the form of inheritance tax and capital gains tax have long been implemented with varying degrees of success.

The notions of a wealth tax raise considerable questions about definition of wealth and collection of data about wealth accumulation, but they can be addressed. European countries, such as Belgium, France, Spain and Switzerland apply wealth tax to selective assets at rates ranging from 0.15% to 2.5%. One study estimated that a one-off 2% tax of the UK's private wealth of £15 trillion could raise £300bn.[32] Another estimate is that a levy of 2.5% on assets above a certain amount could raise £174bn.[33] Of course, there would be considerable debates about exemptions and behavioural aspects. Nevertheless, it remains an option for generating revenues for social development..

Higher rate VAT on luxury goods: In January 2011, the standard rate of VAT was increased from 17.5% to 20%. A number of items, such as children's clothing, essential foodstuffs, and postage stamps are exempt and some items, e.g. household energy have a lower rate of VAT. Additional revenues can be raised by charging a higher rate of VAT on the consumption of luxury goods. Whatever counts as luxury goods would need to be defined and can include fast cars, certain types of yachts, jewellery, clothing, handbags and artworks. One estimate is that VAT at the rate of 30% on certain luxury goods could raise £1.6 billion a year.[34]

Land Value Tax has touted as a possible replacement for the business rates system though it can be extended beyond that.[35] The basic idea behind a land value tax (LVT) is that pieces of land get their value from their location rather than the quality of the development sitting on top of them.[36] What gives the location its value is the surrounding infrastructure – land tends to be more valuable in the centre of a city with high footfall, or areas with good transport infrastructure, schools, hospitals, and so on. This infrastructure has not been paid for by the landowner, but rather generations of taxpayers. Therefore, in economic theory, land value tax is seen as an attempt to capture the value that has nothing to do with the owner's efforts, to reimburse society.

It is estimated that land value tax can enable local authorities alone to raise over £5bn a year though LVT can be used for other purposes too.

Inequality tax: IIn the first three working days of a year, FTSE CEO's earn as much as an average worker does in the whole year.[37] FTSE 100 CEO earned £3.46 million compared to the average worker salary of £29,559. Top bosses earn 117 times the annual pay of the average worker.

Inequalities in the distribution of income have harmful consequences as they affect access to education, housing, healthcare, pension, food and security. They affect life expectancy, infant mortality, mental illness and social mobility. An inequality tax should be levied on a company or a similar organisation for inflicting harms emanating from inequitable distribution of income. The remedy is to withdraw tax relief on excessive remuneration.

Currently, if an executive is paid £100m, all of it is tax deductible. If, the tax deductibility of executive/employee remuneration is capped at say £1m per person then that is all the company would be able to deduct as an expense in its corporation tax computation. The net result would be that corporation tax at the prevailing rate would be payable on the disallowed £99m. Those revenues can be used for redistribution and social investment.

Conclusion

This chapter has drawn attention to a variety of ways in which the state can secure resources to rebuild society, redistribute income/wealth, 'level up' the regions and people, invest in new industries and public services and eradicate poverty. Traditionalists may like to focus on the state's borrowing and taxes as sources of revenues, but there are a considerable number of options. These include the state generating its own money, using quantitative easing and overdrafts.

The tax policies outlined in this chapter can raise significant revenues without increasing the basic rate of income tax; national insurance contributions or the standard rate of VAT i.e. the purchasing power of the average person or household would not be affected. A large amount of tax revenues can be collected by a determined effort to challenge tax avoidance/evasion and its designers. They can also be collected by curbing waste. Currently, the government gives a large number of tax reliefs without any idea of their contribution of the economy. A thorough scrutiny of tax reliefs can generate resources. Some tax reliefs, such as tax relief on pension contributions, mainly go to the richer people. A recalibration of the pension contributions tax relief not only secures fairness but also generates additional revenues for social development.

The UK can also generate resources by broadening its tax base. Financial transactions tax and an inequality tax are just two such examples. The list of taxes highlighted in this chapter is not exhaustive and the state could consider changes to inheritance tax, carbon tax, sugar tax, flight tax and additional stamp duty on second homes, windfall taxes on banks and much more. The possibilities are only constrained by the ideology of the government of the day and its desire to rebuild society.

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“Thames Water operated through a labyrinth of companies, with some linked to Caymans.”

> "Regional disparities are already greater in the UK than in other comparable countries in Europe, including Germany despite it being split in two for 40 years."

Chapter 9

Levelling up without the EU Structural Funds

Olivier Sykes

Introduction

Since the 1930s, the UK has pursued different forms of regional policy to try and address the chronic challenge of uneven development between its regions.[1] As mentioned in chapter two, the framing and forms of policy used to address regional inequality have waxed and waned through the decades; from the Barlow Report of the 1940s through to the Northern Powerhouse of the 2010s. The present UK government with its apparent desire to promote a 'levelling up' agenda is only the latest administration to promise to act decisively regarding these longstanding issues. The UK's retreat from the EU creates a new context for this regarding differential impacts on the economic geography of the UK and major change to the policy frameworks which have previously supported the development of regions.

What's new about 'levelling up?

The stated ambition of levelling up and any associated measures developed to support this do not exist in a historical and empirical vacuum. The legacy of regional policy in the UK both pre- and post-

EEC/EU accession is one from which lessons and principles can be drawn. In the 1970s, the UK working with other EEC countries played a key role in the Europeanisation of regional policy. In 1973, the Scot, George Thomson, was appointed as the first Commissioner for Regional Policy. The Thomson Report of 1974 made a 'moral, environmental and economic case for a Community regional policy' when analysing regional imbalances in Europe.[2] It identified issues in agriculturally dominated areas, like Ireland and the Italian Mezzogiorno, and those of industrial change and structural underemployment like parts of the UK and Belgium. Tellingly, many of the areas of the UK which needed support then are the very same as those whose development is now seen as central to the 'levelling up' agenda.

Following the Thomson Report, the European Regional Development Fund (ERDF) was set-up in 1975. Although it only represented 4% of the Community Budget in 1976, this was a significant step towards the EU Cohesion Policy we know today, which represents a far greater proportion of the EU budget. Since then various iterations of European regional policy have played a significant role in the UK, again in many of the places now seen as central to the 'levelling up' agenda. Similarly, in the 1980s the UK played a decisive role in the creation of the Single European Market which also made some of these places attractive to overseas investment, notably in the car industry.

EU support has not just been significant in quantitative financial terms but has also boosted governance and local and regional development in more qualitative ways. The stability of multiannual funding programmes has fostered the capacity to define local development agendas with greater certainty that resources will be available to deliver these. It has also enabled places to engage in negotiations with other actors, e.g. national government and the private sector. These attributes have been particularly significant in the context of the austerity of the 2010s.[3] Engagement with the European context has also been a driver of much thinking about city regions in England, including that of central government. Research has demonstrated that 'countries that have high-performing cities beyond the capital city also have higher-performing and better balanced economies.'[4] In some places EU Cohesion Policy support has been transformational, providing resources and driving change of a scale and vision beyond that contemplated by domestic policy.

For example, the 2000-2006 EU Objective 1 programme saw £840 million flow into Merseyside, which coupled with 'match funding' gave a total investment of over £1 billion over 6-7 years.[5] The current Liverpool City Region devolution deal by contrast is worth £900 million over a time frame of thirty years. Michael Parkinson concludes that for a place like Liverpool 'the sheer scale of EU Objective 1 funding caused a step-change in its confidence and gave its leaders the stability of funding over a long period to plan for change'.[6] This contribution of ESIFs to place-based development is important to bear in mind, notably as wider assessments of their aggregate economic impact in wealthier EU members states such as the UK have sometimes been rather dismissive (arguably missing the point about the purpose of such policy).[7]

What will replace the EU structural funds in the UK?

As noted by the Institute for Government the political declaration on the future UK–EU relationship does not envisage the UK continuing to contribute to – or receive – EU Structural Funds after the end of the transition period on 31 December 2020.[8] The era of European regional policy in the UK is thus over, at least for duration of the next programming period. The 2017 Conservative General Election Manifesto promised the creation of a so-called 'UK Shared Prosperity Fund' (UKSPF) to replace existing EU Cohesion Policy programmes. Some consultation has taken place on this, but it is fair to say that there has been a general lack of information, certainly in the public domain, regarding the UKSPF. Moreover, there has been little indication of how much support UKSPF may deliver in lieu of foregone EU Structural and Investment Funds (ESIFs). Philip Brien succinctly outlines the 'logic' behind the notion of the UKSPF, whilst noting that things may prove more complicated and contingent in practice:

> **Because the UK is a net contributor to the EU budget, it would in theory be possible to reallocate some of the money that currently goes to the EU into the Shared Prosperity Fund with no further impact on the public purse. In practice, this is unlikely to be the case – the economic impact of Brexit may mean that there is less money to go around, and there are already several interests competing for a share of this money."[9]**

Whilst there has been little clarity from the UK government on the shape and scale of the proposed UKSPF, a range of stakeholders including the devolved governments, local government, MPs, and others with an interest in the consequences of exiting the EU Cohesion Policy framework, have been setting out what they would want to see in a future regional policy model. Key themes which have emerged are:

1. Funding should be provided at an equivalent level to that foregone by the UK's EU exit.
2. The multi-annual programming periods which were seen as a key advantage of EU structural and investment funds (ESIFs) in fostering capacity for long term planning should be retained.
3. Governance arrangements should maintain and enhance the scope for autonomous place-based agenda setting which was generated by access to ESIFs. Namely, there should be further devolution. Relatedly, there is a desire, notably (but not only), on the part of the devolved nations to avoid any (re)centralisation of the processes for distributing and accessing funds.
4. There is a general desire to see increased flexibility to tailor spending towards the specific needs and opportunities of local areas (the 'place-based' v. thematic/sectoral concentration debate – see below).
5. Some stakeholders wish to see other measures alongside GDP per capita being used to determine need and funding allocations e.g.

data on deprivation.

6. Many stakeholders have called for the administrative load associated with accessing and managing funding to be lightened.

Perhaps inevitably, the challenge of how funds should be allocated across the territories of the UK has emerged as a sensitive issue. Further exacerbated by a wider context in which the EU exit has destabilised the 'delicate mix of constructive ambiguities and balances' which underpin the devolution settlements.[10]

Awaiting the launch of the UKSPF other initiatives have taken shape. The Stronger Towns fund which originated around March 2019 when PM Theresa May was seeking to garner support for her EU Withdrawal Agreement from certain northern Labour MPs. With £1.6 billion the fund was intended to 'boost growth and give communities a greater say in their future after Brexit.' However, local representatives and policymakers in some areas quickly observed that this sum was a drop in the ocean compared to the funding cuts of the austerity decade which have hit many disadvantaged places and people hardest.[11]

Furthermore, Government and academic predictions suggest that 'Brexit' - especially a no deal scenario, would also be most negative for such areas,[12] and that it is the 'Midlands and the North of England which are by far the most vulnerable' as they are 'more exposed to Brexit than any other region in Europe' being 'much more dependent on EU markets for their trade than London, the South-East or Scotland.'[13] When coupled with the foregone future EU funding opportunities, it was little wonder that one former senior civil servant is alleged to have described the Stronger Towns fund as a 'peashooter initiative.' Perhaps showing some governmental cognisance of this, later in 2019 the fund was increased to £3.6 billion to support an initial 100 towns and was rebranded to the 'Towns Fund.'[14]

More advanced in its development than the UKSPF, is the UK Industrial Strategy (IS) which the government has linked to the 'levelling up' agenda.[15] Groups such as the Industrial Communities Alliance (ICA) have commented that 'an industrial strategy is welcome and should be of benefit to older industrial areas, where much of what remains of UK manufacturing is still located.'[16] However, they also note that 'it would be wrong to assume that industrial strategy is a substitute for regional policy'. In particular, there some concerns that a place-blind approach could inadvertently reinforce existing patterns of uneven development.

The prospectus on Local Industrial Strategies (LiSs) argues that they will allow places to make 'the most of their distinctive strengths … and ensure greater collaboration across boundaries […so that…] all places are able to increase productivity and realise their potential.'[17] Crucially, however, this work is expected to remain aligned with the UK IS – leading to questions on the extent to which some areas can capitalise on the opportunities presented. The LiS prospectus does acknowledge that some places may be better able than others to use their 'distinctive strengths to meet the Industrial Strategy's Grand Challenges.' And yet, the expectation that local areas must nonetheless align with the UK IS may potentially constrain the capacity to tailor interventions to the local context, something which is often seen as key to the success of place-based development.

An analysis of education levels and the strength of existing industrial sectors in the first wave mayoral combined authorities,[18] suggests that in many of these areas there is a critical gap between the sectoral focus of the UK IS, the LiSs which were brought forward as a vehicle to spatialise this agenda, and the needs of the 'levelling up' agenda. Essentially, the areas with strengths around the sectors and 'Grand Challenges' which are promoted by the UK IS and that are expected to be picked-up in LiSs are not necessarily those that are often characterised as 'left behind', 'places that don't matter', or in need of 'levelling up.'[19] This challenge within the UK, echoes discussion around the 'smart specialisation' steer on the EU's Cohesion Policy.[20] This was seen by some as reducing place-based focus and the scope to tailor programmes and spending to the characteristics and 'territorial capital/potential' of places. Despite the rhetoric which accompanied the launch of the UKSPF claiming that this would be better targeted than existing ESIF programmes, the suite of initiatives taking shape in the UK now is arguably failing to modify practice in a way that addresses such issues.

The current picture in the UK

The fact that an internet search on 'UK SPF' currently returns many links about the 'Sun Protection Factor' of sun creams available in the UK, perhaps tells its own story. In the March 2020 Budget, the Government did reaffirm its commitment to 'at a minimum, match current levels of funding to each nation from EU structural funds.' Philip Brien notes that this should mean that 'No nation of the UK should therefore lose out relative to the current level of funding it receives' whilst pointing out that 'we do not yet have any information on how funding will be distributed within each nation.'[21] Since then the Government has said that 'the design for the Fund will be finalised following the 2020 Comprehensive Spending Review, and that it will "support local economic recovery by driving economic growth and tackling deprivation."'[22]

Despite these statements there is growing unease amongst concerned stakeholders at the apparent lack of progress. The Welsh Affairs Committee in Parliament noted in October 2020 that 'there is still no substantive detail from UK ministers about their plans and a range of issues remain unsolved' and called for 'urgent reassurance' on the new fund to avoid a 'cliff-edge to EU funds from January 2021.'[23] Similarly, the Scottish Government has called for the UK Government to reinstate cancelled talks on the UKSPF against a background of concern in the devolved nations at 'the lack of information on how the UKSPF will work and what its value will be.'[24] The Scottish Government is also seeking assurances that 'funding decisions will be fully devolved, matching the way EU structural funds are currently managed.'

Scottish Investment Minister, Ivan McKee, has further emphasised in a letter to Minister of State for Housing, Communities and Local Government Minister, Luke Hall, that 'European structural funds have played a vital role in supporting Scotland's economic and social policy aims.'[25] Also, the letter stated that, 'To keep the Scottish Government and the other devolved nations at arm's length during the development of the replacement to the EU structural funds, which will play an important role in our economic recovery from Covid-19, is both counterproductive and potentially detrimental to the future success of the Fund.' In addition, the proposed Internal Market Bill will also empower the UK Government to make payments for the purposes of economic development within the devolved nations in areas of devolved competence.[26] This is resisted by the devolved governments who sense a drift towards politicisation and that there is a potential for centralisation around the newly emerging regional policy arrangements (see reported plans to emblazon the Union Flag on projects in Scotland).[27]

The uncertainty of the government's plans, or lack thereof, has many effects, not just impacting planning by public authorities, but also current ESIF project beneficiaries i.e. voluntary sector organisations.[28] Some of these have been able to benefit from ESIFs to support their responses to Covid-19 and would have had greater certainty around their post-pandemic recovery actions in their communities had the UK remained in the EU, and thus, eligible for ESIFs.

Finally, in designing and resourcing the UKSPF, another issue which is easy to forget is that ESIF support through ERDF and ESF funding typically required match funding by the national Government under the so-called 'additionality' principle. This meant that whatever the final amount of the UKSPF, there is also the issue of whether the sums available will be similar to the total leveraged by the EU programmes. Already there is past experience of UK government failing to, or only grudgingly, agreeing to provide 'match' to unlock opportunities to access EU funding e.g. in the fisheries sector, or regarding funding to support former coalfield areas. As noted by Brien, 'If the Shared Prosperity Fund aims to result in similar levels of investment as the ESI, then those designing the fund will need to consider the total amount of investment enabled by ESI funds, rather than just the amount provided by the EU' and that 'It would also be valuable to look at whether the existing match funding structures should be integrated with the Fund in some way.'[29] The recent shelving of plans to offer longer term budgetary certainty to local authorities, also muddies the financial waters further.[30]

Is the UK being left behind? The current picture in the EU

In the meantime, the process of reforming and preparing ESIF programmes for the 2021 -2027 has been continuing apace. The principles, debates, trade-offs and resolutions which will define the post-2021 EU Cohesion Policy are relatively easy to ascertain and are largely in the public domain. The wider EU financial picture has also evolved significantly with the Multiannual Financial Framework (MFF), joined by a specific Recovery measure titled, Next Generation EU (NGEU). A key development is that the European Commission is 'authorised to borrow funds on behalf of the Union on the capital markets'[31] with the proceeds being 'transferred to Union programmes in accordance with NGEU.'[32] Heading 2 of the MFF for 2021-2027 is, "Cohesion, Resilience and Values," Under Sub-Heading 2a, 'Economic, social and territorial cohesion EU Cohesion Policy will receive about €330 billion for the 2021 to 2027 programming period.'[33] Funds will be allocated to regions (NUTS level 2) on the 'basis of how their GDP per capita, measured in purchasing power standards (PPS)' for the period 2015-2017, compared to the average GDP of the EU-27 for the same period, according to the following classification which will be broadly familiar to those with knowledge of previous Cohesion Policy cycles:

- less developed regions, whose GDP per capita is less than 75% of the average GDP of the EU-27;
- transition regions, whose GDP per capita is between 75% and 100% of the average GDP of the EU-27;
- more developed regions, whose GDP per capita is above 100% of the average GDP of the EU-27.

In addition, the Cohesion Fund will support those Member States whose gross national income (GNI) per capita, measured in PPS and calculated on the basis of Union figures over the 2015-2017 period, is less than 90% of the average GNI per capita of the EU-27. To 'level up' the less developed regions should continue to receive the highest share of funding and 'he calculations of regional GDP account for about 81% of the distribution formula with a variety of other indicators based on social, economic and - to a lesser extent - territorial characteristics of European regions also being used.'[34]

The EU Commission has not produced an official assessment of what UK regions could have received had the UK remained a full EU member state, or continued participating in EU Cohesion Policy in some other configuration of EU-UK relationship. However, the Conference of Peripheral and Maritime Regions (CPMR)[35] produced an indicative figure in two reports published in January and October 2019.[36] These suggested that had the UK remained in the EU, its regions could have been in line to receive approximately €13 billion of EU Cohesion Policy funding in the 2021-2027 period. This would compare with the €10.6 billion it was allocated in the 2014 – 2020 period. This was a result of the sobering fact that, once again, many areas of the UK are falling behind the EU average in terms of regional prosperity. Of particular significance to the 'levelling up' agenda the CPMR estimated that, 'The share of funding earmarked for regions considered as 'less developed regions' in the UK would rise from about EUR 2.7bn from the current period

(2014 – 2020), to EUR 4.4bn in the next programming period (from 2021 to 2027).' In this context, 'The two regions classed as 'less developed regions' in the current period - Cornwall and the Isles of Scilly and West Wales and the Valleys - would stand to receive a significant share of the UK allocation of Cohesion Policy.'[37] Analysis by the House of Commons Library (May 2020) suggests that:

> **The latest data indicate that at least six regions could in fact be classified as less developed regions in the next framework period (Tees Valley and Durham, South Yorkshire, Lincolnshire, Cornwall and Isles of Scilly, West Wales and the Valleys, and Southern Scotland). The 'Outer London – East and North East' region is also on the borderline for this classification."[38]**

Moreover, the analysis noted that, 'this does not necessarily mean that these regions would have received the amount calculated by the CPMR.' This is because, 'First, the amounts received are always subject to negotiation,' and 'Secondly, the allocations proposed by the EU for the next framework period assume that the UK will have left the EU at that point; if it had remained, the negotiations may have proceeded differently.' However, both the CPMR and House of Commons Library concur that more UK regions would have been classified as 'less developed regions' in the UK under the EU Cohesion Policy in the 2021 – 2027 period than in the 2014 – 2020. This would have meant more resources even if the exact figure can be debated and the distribution within the UK would have reflected domestic influence too. The CPMR figure was cited in Parliament on 26 June 2019 in a debate on 'Replacement of EU structural funds for less developed regions.'[39] Three years after the EU referendum and over two years after the UKSPF was first mooted during the 2017 General Election campaign, and in the vacuum created by the lack of progress since, parliamentarians seized the opportunity to finally debate some figures.

Conclusion

Regional disparities are already greater in the UK than in other comparable countries in Europe, including Germany despite it being split in two for 40 years.[40] Worryingly, the 'great majority of available evidence suggests that Brexit is likely to make the UK's interregional inequalities worse than they already are.'[41] Leaving the EU introduces new uncertainty and friction into trade and depletes market potential for many of the least prosperous UK regions. Despite this and the rhetoric about 'levelling up' regions, or 'turbocharging' regional growth, there is still little information in the public domain about what will replace the EU's longstanding structural investment support for UK regions and nations.

The UKSPF has been touted since before the 2017 election, but there is still little information about it in the public domain. Though there have been some more modest initiatives like the Stronger Towns/Towns Fund, what is lacking is an indication of the more comprehensive and integrated approach to place-based development which will be needed if 'levelling up' is to be seriously addressed. This impression of ad hocery is reinforced when Parliamentary scrutiny suggests that the government department administering the Towns Fund[42] has 'not been open about the process it followed and it did not disclose the reasoning for selecting or excluding towns;' and that 'It is still far from clear what impact the Department expects from the Towns Fund, when it expects to see the benefits, and how it will measure success both at the town level and across the whole programme.'[43] It is not clear either that other policies like the UK IS and its local iterations will support growth in a way that doesn't create more 'winning and losing' among regions. Questions remain about how well-tailored new Local Industrial Strategies (LISs) aligned to national sectoral goals will be to the place-based potential of different territories.[44]

Leaving the EU modifies the opportunity structures of place-based policy, given the large role that the EU has played in regional policy in the UK over the past 40 years.[45] European regional policy (ironically strongly pushed by the UK when it joined the EEC in the 1970s) has played a key role in sustaining reflection on the chronic problem of uneven regional development in the UK, and obliging stakeholders, including central government, to sit around the table and think about it. The EISFs provided valued support to the UK's less developed regions and were transformational in some settings. The key advantages being cited as: longer funding cycles than those which are typical domestically, which provided certainty and allowed longer term planning; the sense of 'ownership' of a dedicated place-based funding stream independent from UK government centralisation and political calculation; and, positive impacts on governance confidence and capacity.

There has been talk of building on such legacies whilst better targeting regional aid to places, increasing flexibility, and reducing administrative burdens. However, these positive features are arguably already being lost in the uncertainty about funding totals, timetables, and management. As Giordano comments, 'The danger is that the key lessons from the ERDF will not be capitalised upon; even worse, the domestic governance system through which the funding is implemented will be effectively dismantled' with a further 'risk that any new domestic regional policy will suffer from a lack of adequate funding compared to what the UK would have been allocated via EU Cohesion Policy, if Brexit had not happened.'[46] In the face of this, at the time of writing (October 2020) stakeholders are expressing their concern about the lack of information about the organisation and scale of the proposed UKSPF in increasingly robust terms. The policy vacuum is straining already taut relations between UK territories and may also exacerbate surging mistrust and tension between regions and the centre within England (cf. recent stand-offs between English devolved city-regions and the centre).[47] Some observers clearly detect the spectre of re-centralisation and of politicised rather than comprehensive place-based policy floating above the scene. The spirit of territorial cohesion which underpinned EU Cohesion Policy feels rather distant.

On a less 'political' level we should not forget that behind all this are the beneficiaries of ESIF programmes who must now plan for the future in face of uncertainty around the new arrangements and the ongoing pandemic. Another important issue is that the EISFs leveraged 'match funding.' Unless the UKSPF monies are to be equivalent to foregone ESIFs in 2021 – 2027 plus 'the match' that these would have unlocked, then other funding streams will have to be found to ensure that the government promise to regions they that will not lose out is kept.

Meanwhile, the post-2021 EU Cohesion Policy picture is now clearer, delivering greater certainty for places in the EU than that enjoyed by their counterparts in the UK (dependent on the agreement of the next EU MFF). Different analysts agree there would have been more regions which qualify as 'less developed regions' in the UK under the EU Cohesion Policy in the 2021 – 2027 period than in the 2014 – 2020 period. This would have meant more resources, even if the exact figure can be debated and the distribution within the UK would have reflected domestic influence too.

Aside from funding guarantees up to the increasingly imminent closure of EU programmes in the UK, the key picture overall is one of uncertainty. The issue of addressing uneven development and reducing disparities in the UK has so far been showered with more rhetoric than resources by the government. There seems to be little awareness on its part that it is not the first administration to perceive and promise to address these issues, or acknowledgement that its central geopolitical project is likely to further exacerbate the problem. Against this backdrop, if it is really serious about 'levelling up,' the Government might do well to heed the words of A. J. Brown writing in 1973:

There is no indication that the tendencies towards disparities of regional growth or the forces behind them have slackened or are likely to do so…. If regional disparities very substantially stronger than we have experienced since the war are to be avoided some sort of regional policy is certainly necessary…. The need for regional policy is not simply a regrettable aspect of a temporary economic sickness – a view that the British have been disposed to take of their economic problems for at least fifty years. It is a normal part of the life of any economic community that likes (or even tolerates) change but has the humanity to recognise that the economy was made for man and not man for the economy."[48]

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Levelling up without the EU Structural Funds

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